



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Carrie Kuruc, Director

MEMORANDUM

TO: Loretta Medved, Ohio Department of Insurance

FROM: Paula Steele, Common Sense Initiative Office

DATE: August 26, 2019

RE: **CSI Review – Agent Rules (OAC 3901-5-01 through 3901-5-07 and 3901-5-09)**

On behalf of Lt. Governor Jon Husted, 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 seven amended draft rules submitted by the Ohio Department of Insurance (ODI) pursuant to ORC five-year review requirements. The rule package was submitted to the CSI Office on July 11, 2019 and the public comment period ended on July 26, 2019. Two stakeholders submitted comments.

The draft rules in this package apply to agents, insurers and continuing education (CE) providers and concern licensure, continuing education, and penalties for violations of the proposed rules. According to the BIA, all amendments are being made to better align with industry practices and ease regulation. For example, agent self-study exams are no longer required to be proctored.

During the initial rule review and development, ODI reached out to industry stakeholders and received a request from the Ohio Bail Bonds Agents Association to change the date required for licensure renewal to occur during the same filing date requirements of the clerk of courts. Because bail bond agents' filing requirements are prescribed in statute, ODI would not be able to accommodate the request without a legislative change.

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Two stakeholders provided comment during the public comment period. One stakeholder expressed full support of amendments made in OAC 3901-5-07 *Regulation of Agent Pre-licensing Education*, which was amended to allow pre-licensing providers flexibility and electronic administrative options for pre-licensing requirements. The other stakeholder provided several comments to which ODI responded. One comment pointed out an inconsistency in the draft rules. ODI concurred and agreed to further amend rule 3901-5-07 to establish consistency with classroom attendance requirements.

The BIA identified the impacted business as insurance agents, businesses selling insurance products, agent education providers and insurers; and quantified the cost of compliance as time and cost associated with pre-licensing and CE requirements. The CSI Office asked some questions to clarify the adverse impacts, and ODI revised its BIA to explain that CE providers pay annual fees based on a fee structure that ranges from \$25 to \$1,000 depending on the status for which the provider applied. In addition, providers must submit course rosters and submit \$1.00 per agent per course. Pre-licensing education providers and instructors must also apply and pay fees ranging from \$25 to \$200. ODI justifies the regulatory intent of the rules as they establish industry uniformity across states by implementing guidelines consistent with the National Association of Insurance Commissioners (NAIC) and the Ohio Revised Code.

Recommendations

Based on the information above, the CSI Office has no recommendations on this rule package.

Conclusion

The CSI Office concludes that the Ohio Department of Insurance should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.