



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Carrie Kuruc, Director

MEMORANDUM

TO: Loretta Medved, Ohio Department of Insurance

FROM: Ethan Wittkorn, Regulatory Policy Advocate

DATE: February 2, 2021

RE: **CSI Review – Hazardous Conditions and Accounting, Actuarial and Reinsurance Requirements, and Definition of Work Paper Rules (OAC 3901-3-01, 3901-3-02, 3901-3-03, 3901-3-04, 3901-3-07, 3901-3-08, and 3901-3-09)**

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 Ohio Department of Insurance (Department) rule package consists of one amended and six no change rules. The package was submitted to the CSI Office on December 23, 2020, and the public comment period was open through January 8, 2021. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on December 23, 2020.

The proposed rules cover the requirements for domestic insurers, insurance holding companies, transaction notices, hazardous financial condition standards, and life insurance agreements. Amendments have been proposed to correct ORC citations.

During the early stakeholder outreach period the Department sent out a request for comment via email to the Ohio Insurance Institute (OII), the Association of Ohio Life Insurance Companies (AOLIC), the American Council of Life Insurance (ACLI), the National Association of

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Insurance and Financial Advisors (NAIFA), Ohio Association of Health Plans (OAHP) and the Professional Independent Agents Association (PIAA), and other stakeholders that have requested notification. The proposed rules were also posted to the Department's website. No comments were submitted during the early stakeholder outreach period or the CSI public comment period.

Communities that may be impacted by the rules include insurers within holding company systems, insurers engaging in a transaction, domestic insurers, domestic life insurers, and reinsurance intermediaries. Potential impacts include administrative costs associated with submissions to the department, costs associated with filing an application for approval to engage in transactions and following department standards and procedures. The rules are necessary to implement national insurance industry standards to ensure consistency and predictability of regulated communities, and to ensure public protections by maintaining standards of Ohio's insurers. Additionally, the rules implement the statutory requirements of ORC 3901.341.

Recommendations

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

Conclusion

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