



## Common Sense Initiative

**Mike DeWine**, Governor  
**Jon Husted**, Lt. Governor

**Sean McCullough**, Director

### MEMORANDUM

**TO:** Loretta Medved, Ohio Department of Insurance

**FROM:** Jacob Ritzenthaler, Business Advocate

**DATE:** August 26, 2022

**RE:** **CSI Review – Ohio Fair Plan, Risk Modification, Inland Marine Risks, and Group Insurance Regulations (OAC 3901-1-18, 3901-1-22, 3901-1-23, and 3901-1-31)**

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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 Department as provided for in ORC 107.54.

#### Analysis

This rule package consists of two amended rules and two no change rules proposed by the Ohio Department of Insurance (ODI). This rule package was submitted to the CSI Office on June 15, 2022, and the public comment period was held open through June 30, 2022. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on June 15, 2022.

Ohio Administrative Code (OAC) 3901-1-18 establishes requirements related to the Ohio Fair Plan Underwriting Association (OFP), which provides a method for obtaining basic property and homeowners' insurance when otherwise unavailable. The rule is amended to remove requirements that establish a 30-day timeline for commencing corrective repairs and to update language regarding fidelity coverage. OAC 3901-1-22 concerns risk modification plans, which are applied based on hazard variation and characteristics that are not otherwise reflected. The rule is amended to correct citations for the authority of the rule. OAC 3901-1-23 sets forth the definition of inland marine risks and the ability to obtain approval to deviate from the accepted definition. OAC 3901-1-31 establishes regulations for group insurance policies, including requirements for eligibility, filing, insurance

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agents, and severability.

During early stakeholder outreach, ODI sent the rules for feedback to industry stakeholders, including insurance companies and trade groups. ODI received feedback from the OFP which suggested the proposed amendments to the rules, including the removal of corrective timelines and updates to terminology and language. No comments were received during the CSI public comment period.

The business community impacted by the rules includes insurance companies and agents, the OFP, and insurance policy holders. The adverse impacts created by the rules include compliance with OFP requirements, which include agents assisting property owners to complete applications, conducting inspections, and documentation. ODI states that the adverse impacts are necessary to provide guidelines for filing and underwriting and benefit homeowners seeking insurance coverage on high-risk property.

### **Recommendations**

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

### **Conclusion**

The CSI Office concludes that ODI should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review