



Common Sense Initiative

Mike DeWine, Governor
Jon Husted, Lt. Governor

Joseph Baker, Director

MEMORANDUM

TO: Loretta Medved, Ohio Department of Insurance

FROM: Jacob Ritzenthaler, Business Advocate

DATE: December 2, 2024

RE: CSI Review – Agent Licensing and Appointments (OAC 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 Department as provided for in ORC 107.54.

Analysis

This rule package consists of one amended rule proposed by the Ohio Department of Insurance (ODI) as part of the statutorily required five-year review process. This rule package was submitted to the CSI Office on November 5, 2024, and the public comment period was held open through November 20, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rule filed with the CSI Office on November 5, 2024.

Ohio Administrative Code 3901-5-09 sets forth requirements for the licensing and appointment of insurance agents. The rule includes requirements for the application process, license renewal, inactivity, license surrender, and compensation. The rule includes amendments that update references, remove regulatory restrictions, specify name requirements, update renewal date for surety bail bond licensees, and remove requirements for a license to be inactive for two years before becoming reactivation.

During early stakeholder outreach, ODI sent the proposed rule to industry stakeholders for feedback, including the Association of Ohio Life Insurance Companies, the American Council of Life Insurance, the National Association of Insurance and Financial Advisors, the Ohio Association of Health Plans, the Professional Independent Agents Association, and the Ohio Insurance Agents. No

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comments were received during that time. During the CSI public comment period, one comment was received which suggested changing an incorrect citation, which ODI corrected. Two comments were received that supported the proposed rule.

The business community impacted by the proposed rule includes insurance agents, businesses that sell insurance products, agent education providers, and insurers. The adverse impacts created by the rule include complying with pre-licensure requirements concerning education, examinations, and criminal records checks. Applicants must also complete and submit an application and fee. ODI notes that the amendments to the rule will reduce the regulatory burden on businesses by removing requirements for licenses that have been placed on inactive status to be inactive for a period of two years before applying for reactivation. ODI states that the adverse impacts are necessary to ensure that insurance agents are educated and compliant with national standards.

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 rule with the Joint Committee on Agency Rule Review.