

## Rule Summary and Fiscal Analysis

### Part A - General Questions

**Rule Number:** 3901-11-06

**Rule Type:** No Change

**Rule Title/Tagline:** Capital and surplus requirements for life insurance companies ceding to a special purpose financial captive insurance company and for special purpose financial captive insurance companies.

**Agency Name:** Department of Insurance

**Division:**

**Address:** 50 W Town Street Suite 300 Columbus OH 43215

**Contact:** Tina Chubb **Phone:** (614) 728-1044

**Email:** Tina.Chubb@insurance.ohio.gov

#### I. Rule Summary

1. **Is this a five year rule review?** Yes
  - A. **What is the rule's five year review date?** 8/29/2019 and 08/29/2024
2. **Is this rule the result of recent legislation?** No
3. **What statute is this rule being promulgated under?** 119.03
4. **What statute(s) grant rule writing authority?** 3901.041, 3964.21
5. **What statute(s) does the rule implement or amplify?** 3964.03, 3964.07
6. **What are the reasons for proposing the rule?**

This rule is being reviewed as a part of the agency five year rule review.

7. **Summarize the rule's content, and if this is an amended rule, also summarize the rule's changes.**

This rule establishes the information that a special purpose financial captive insurance company is required to provide to the superintendent for the purpose of determining adequate capital and surplus amounts.

There are no suggested amendments to this rule.

8. Does the rule incorporate material by reference? No
9. If the rule incorporates material by reference and the agency claims the material is exempt pursuant to R.C. 121.71 to 121.76, please explain the basis for the exemption and how an individual can find the referenced material.

*Not Applicable*

10. If revising or re-filing the rule, please indicate the changes made in the revised or re-filed version of the rule.

*Not Applicable*

## **II. Fiscal Analysis**

11. As a result of this proposed rule, please estimate the increase / decrease in revenues or expenditures affecting this agency, or the state generally, in the current biennium or future years. If the proposed rule is likely to have a different fiscal effect in future years, please describe the expected difference and operation.

This will have no impact on revenues or expenditures.

0.00

No substantive amendments are proposed to the rule and therefore, will not change already existing department procedures.

12. What are the estimated costs of compliance for all persons and/or organizations directly affected by the rule?

This rule requires the special purpose financial captive entity to have secured an independent qualified actuary, the cost of which varies and is dependent upon the complexity of the review and proposed structure relative to industry standards.

13. Does the rule increase local government costs? (If yes, you must complete an RSFA Part B). No
14. Does the rule regulate environmental protection? (If yes, you must complete an RSFA Part C). No

### **III. Common Sense Initiative (CSI) Questions**

**15. Was this rule filed with the Common Sense Initiative Office? Yes**

**16. Does this rule have an adverse impact on business? Yes**

**A. Does this rule require a license, permit, or any other prior authorization to engage in or operate a line of business? Yes**

This rule applies only to licensed life insurance companies applying to cede risk to a special purpose financial captive insurance company, and for licensed special purpose financial captive insurance companies.

**B. Does this rule impose a criminal penalty, a civil penalty, or another sanction, or create a cause of action, for failure to comply with its terms? No**

**C. Does this rule require specific expenditures or the report of information as a condition of compliance? Yes**

Paragraph (D)(1)(a) of this rule requires that an actuarial report be prepared by a qualified actuary evaluating risk management and obligations specific to the special purpose financial captive insurance company, and provide the superintendent an actuarial report documenting that evaluation.