

Rule Summary and Fiscal Analysis (Part A)**Department of Insurance**

Agency Name

Division

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3901-11-06

Rule Number

NEW

TYPE of rule filing

Rule Title/Tag Line

**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.****RULE SUMMARY**1. Is the rule being filed for five year review (FYR)? **No**2. Are you proposing this rule as a result of recent legislation? **Yes**Bill Number: **HB117**General Assembly: **130**Sponsor: **Hackett Stinziano**3. Statute prescribing the procedure in
accordance with the agency is required
to adopt the rule: **119.03**4. Statute(s) authorizing agency to
adopt the rule: **3901.041, 3964.21**5. Statute(s) the rule, as filed, amplifies
or implements: **3964.03, 3964.07**

6. State the reason(s) for proposing (i.e., why are you filing,) this rule:

Pursuant to division (E)(6)(a) of section 3964.03 of the Revised Code, the superintendent shall establish an acceptable total capital and surplus requirement for each insurance company that will cede risks and obligations to a special purpose

financial captive insurance company. Rule 3901-6-11 of the Administrative Code, establishes the information required by the superintendent in order to make such determinations.

7. If the rule is an AMENDMENT, then summarize the changes and the content of the proposed rule; If the rule type is RESCISSION, NEW or NO CHANGE, then summarize the content of the rule:

Rule 3901-1-06 of the Administrative Code, provides the requirements for information that must be submitted to the superintendent in making a capital and surplus determination. This must include an actuarial report that includes a risk evaluation and any additional information the superintendent deems necessary.

8. If the rule incorporates a text or other material by reference and the agency claims the incorporation by reference is exempt from compliance with sections 121.71 to 121.74 of the Revised Code because the text or other material is **generally available** to persons who reasonably can be expected to be affected by the rule, provide an explanation of how the text or other material is generally available to those persons:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

9. If the rule incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material electronically, provide an explanation of why filing the text or other material electronically was infeasible:

This response left blank because filer specified online that the rule does not incorporate a text or other material by reference.

10. If the rule is being **rescinded** and incorporates a text or other material by reference, and it was **infeasible** for the agency to file the text or other material, provide an explanation of why filing the text or other material was infeasible:

Not Applicable.

11. If **revising** or **refiling** this rule, identify changes made from the previously filed version of this rule; if none, please state so. If applicable, indicate each specific paragraph of the rule that has been modified:

Not Applicable.

12. Five Year Review (FYR) Date:

(If the rule is not exempt and you answered NO to question No. 1, provide the scheduled review date. If you answered YES to No. 1, the review date for this rule is the filing date.)

NOTE: If the rule is not exempt at the time of final filing, two dates are required: the current review date plus a date not to exceed 5 years from the effective date for Amended rules or a date not to exceed 5 years from the review date for No Change rules.

FISCAL ANALYSIS

13. Estimate the total amount by which *this proposed rule* would **increase / decrease** either **revenues / expenditures** for the agency during the current biennium (in dollars): Explain the net impact of the proposed changes to the budget of your agency/department.

This will have no impact on revenues or expenditures.

0.00

Not applicable.

14. Identify the appropriation (by line item etc.) that authorizes each expenditure necessitated by the proposed rule:

Not applicable.

15. Provide a summary of the estimated cost of compliance with the rule to all directly affected persons. When appropriate, please include the source for your information/estimated costs, e.g. industry, CFR, internal/agency:

Rule 3901-11-06 of the Administrative Code, requires that the special purpose financial captive insurance company secure an independent qualified actuary for hire in order to comply with the provisions of the rule. The cost will vary depending upon complexity of the review and current industry standards.

16. Does this rule have a fiscal effect on school districts, counties, townships, or municipal corporations? **No**

17. Does this rule deal with environmental protection or contain a component dealing with environmental protection as defined in R. C. 121.39? **No**

S.B. 2 (129th General Assembly) Questions

18. Has this rule been filed with the Common Sense Initiative Office pursuant to R.C. 121.82? **Yes**

19. Specific to this rule, answer the following:

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

A special purpose financial captive insurance company must be licensed in order for this rule to apply.

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**

An applicant for authority to be licensed as a special purpose financial captive insurance company, shall provide the superintendent a proposed capital and surplus requirement that is supported by an actuarial report and risk evaluation prepared by a qualified actuary and any other information the superintendent deems necessary.