

CSI - Ohio

The Common Sense Initiative

Business Impact Analysis

Agency Name: Ohio Department of Public Safety, Bureau of Motor Vehicles

Regulation/Package Title: Financial responsibility identification card

Rule Number(s): 4501:1-2-02

Date: May 27, 2015

Rule Type:

New

5-Year Review

Amended

Rescinded

The Common Sense Initiative was established by Executive Order 2011-01K and placed within the Office of the Lieutenant Governor. Under the CSI Initiative, agencies should balance the critical objectives of all regulations with the costs of compliance by the regulated parties. Agencies should promote transparency, consistency, predictability, and flexibility in regulatory activities. Agencies should prioritize compliance over punishment, and to that end, should utilize plain language in the development of regulations.

Regulatory Intent

1. Please briefly describe the draft regulation in plain language.

The rule as proposed requires insurance companies to issue physical insurance identification cards to consumers and also gives the insurance company the option to additionally provide consumers with the ability to provide proof of financial responsibility via an electronic wireless device. The rule further prescribes the information required to be shown on the card.

Please include the key provisions of the regulation as well as any proposed amendments.

2. Please list the Ohio statute authorizing the Agency to adopt this regulation.

Ohio Revised Code 4501.02 gives the ODPS/BMV, express authority to adopt and promulgate this rule, 4501.101 provides penalties for operating or permitting the operation of a motor vehicle without proof of financial responsibility, and 4509.103 provides that the financial responsibility card shall be in a form prescribed by the registrar.

3. Does the regulation implement a federal requirement? Is the proposed regulation being adopted or amended to enable the state to obtain or maintain approval to administer and enforce a federal law or to participate in a federal program?

No, the rule is not related to a federal requirement or a federal program.

4. If the regulation includes provisions not specifically required by the federal government, please explain the rationale for exceeding the federal requirement.

Not applicable, the revised rule does not involve any federal regulations.

5. What is the public purpose for this regulation (i.e., why does the Agency feel that there needs to be any regulation in this area at all)?

The rule in its current and proposed forms clarifies how parties comply with O.R.C. 4509.103 and 4509.45. If this rule were not in place, the public would be left without the necessary direction as to how to comply with the financial responsibility requirements of the Revised Code. This regulation was designed to create uniform standards for delivering financial responsibility cards to consumers. These regulations allow for consumers to receive acceptable forms of proof when their policies are renewed. If this regulation did

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not exist consumers would not have clarity as to what forms of proof complied with the statutory requirements. The changes being proposed to the regulation will require insurance companies to provide consumers with physical insurance cards in addition to allowing insurance companies to issue electronic identification cards.

- 6. How will the Agency measure the success of this regulation in terms of outputs and/or outcomes?**

Success will be measured by the issuance of physical and electronic financial responsibility cards by insurance companies and the use and acceptance of the same by insurance customers and law enforcement.

Development of the Regulation

- 7. Please list the stakeholders included by the Agency in the development or initial review of the draft regulation.**

If applicable, please include the date and medium by which the stakeholders were initially contacted.

The stakeholders include representatives from insurance companies. Stakeholders are being invited to comment on the amendment via e-mail

- 8. What input was provided by the stakeholders, and how did that input affect the draft regulation being proposed by the Agency?**

Input has not been received at this time but will be reviewed after receipt from the stakeholders.

- 9. What scientific data was used to develop the rule or the measurable outcomes of the rule? How does this data support the regulation being proposed?**

Not applicable, no scientific data was used to develop this rule.

- 10. What alternative regulations (or specific provisions within the regulation) did the Agency consider, and why did it determine that these alternatives were not appropriate? If none, why didn't the Agency consider regulatory alternatives?**

This is an existing regulation that needed to be amended to comply with Senate Bill 255 which requires insurance companies to issue physical financial responsibility cards to consumers and also gives insurance companies the option to issue the cards electronically as well.

- 11. Did the Agency specifically consider a performance-based regulation? Please explain. Performance-based regulations define the required outcome, but don't dictate the process the regulated stakeholders must use to achieve compliance.**

This rule does not involve performance-based regulation. Insurance companies previously had been given the option to either offer physical or electronic financial responsibility identification cards to consumers.

- 12. What measures did the Agency take to ensure that this regulation does not duplicate an existing Ohio regulation?**

The ODPS/BMV has determined that this regulation does not duplicate any existing Ohio regulation regarding financial responsibility identification cards.

- 13. Please describe the Agency's plan for implementation of the regulation, including any measures to ensure that the regulation is applied consistently and predictably for the regulated community.**

This rule is self-implementing, requiring insurance companies to provide physical financial responsibility identification cards and allowing the ability to also provide electronic version of the same to customer. ODI will communicate the rule change to all

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the insurance companies it regulates; the ODPS/BMV, will publicize the change on the BMV website, www.bmv.ohio.gov to inform Ohio drivers and vehicle owners.

Adverse Impact to Business

14. Provide a summary of the estimated cost of compliance with the rule. Specifically, please do the following:

- a. Identify the scope of the impacted business community;**
- b. Identify the nature of the adverse impact (e.g., license fees, fines, employer time for compliance); and**
- c. Quantify the expected adverse impact from the regulation.**
The adverse impact can be quantified in terms of dollars, hours to comply, or other factors; and may be estimated for the entire regulated population or for a “representative business.” Please include the source for your information/estimated impact.

a. The scope of the impacted business community includes all companies that provide auto Insurance.

b. Insurance companies will experience costs associated with printing and mailing identification cards, in paper or plastic materials.

c. The Ohio Insurance Institute surveyed several insurance companies and determined the cost for printing and mailing insurance cards could be \$3 million to \$4 million annually across the industry state-wide.

15. Why did the Agency determine that the regulatory intent justifies the adverse impact to the regulated business community?

Compliance with statutory requirements necessitate the issuance of physical financial responsibility identification cards by insurance companies.

Regulatory Flexibility

16. Does the regulation provide any exemptions or alternative means of compliance for small businesses? Please explain.

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Statutory requirements do not allow providing an exemption to providing financial responsibility identification cards to customers for small businesses.

17. How will the agency apply Ohio Revised Code section 119.14 (waiver of fines and penalties for paperwork violations and first-time offenders) into implementation of the regulation?

This regulation, as amended, does not provide for fines or penalties on insurers.

18. What resources are available to assist small businesses with compliance of the regulation?

The Ohio Department of Insurance and the ODPS/BMV, stand ready to answer questions regardless of the size of the business. Proactive communications will be sent to insurance companies in advance of the effective date of the rule.