

*****DRAFT - NOT FOR FILING*****

3901-1-10 Appointment of insurance agents.

(A) Purpose

This rule clarifies certain administrative policies and procedures pertaining to agent appointment processes.

(B) Appointment of corporations, limited liability companies and partnerships.

- (1) When a corporation or limited liability company is appointed with an insurance company other than life, every natural person active as an agent in such agency shall be appointed with such company; provided however, that the superintendent of insurance may waive this requirement if he is satisfied that the kind of insurance being written by such company is so specialized that only a certain agent or agents in such agency need be so appointed, but any such request for waiver and any approval thereof shall be in writing. When a corporation or limited liability company is appointed with a life insurance company, at least one natural person active as an agent in such agency shall be appointed with such company.
- (2) Every natural person active as an agent in an agency that is a partnership and is appointed with an insurance company other than life shall be appointed with such company; provided however, that the superintendent of insurance may waive this requirement if he is satisfied that the kind of insurance being written by such company is so specialized that only a certain agent or agents in such agency need be so appointed, but any such request for waiver and any approval thereof shall be in writing.

(C) Indebtedness

In light of the various methods and frequent complexity of insurance bookkeeping practices and sales compensation agreements, which vary considerably among insurance companies, and in recognition of certain accounting irregularities occurring in the collection of so-called "industrial" accounts, indebtedness by a person to an insurance company or agency, or otherwise, shall not be material to such person's suitability to act as an agent or solicitor unless there is evidence that such indebtedness arises from or is closely related to the alleged commission of larceny, embezzlement, fraud, misrepresentation, conversion, or other culpable misappropriation or wrongful conduct.

(D) Suspension, revocation, or refusal to renew

The superintendent of insurance may suspend, revoke, or refuse to renew the certificate of authority of any insurance company or the license of any insurance agent or solicitor found to be in violation of the provisions set forth in this rule pursuant to the Administrative Procedure Act. Such suspension, revocation, or refusal to renew shall be in addition to such other penalties as may be contained in the Revised Code or in the other department of insurance rules.

(E) Severability

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Each paragraph of this rule and every part of each paragraph is an independent paragraph and part of a paragraph, and the holding of any paragraph or a part thereof to be unconstitutional, void, or ineffective for any cause does not affect the validity or constitutionality of any other paragraph or part thereof.