

**As Reported by the Senate Insurance, Commerce and Labor
Committee**

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A B I L L

To amend sections 3901.321, 3905.45, 3905.451, and 1
3915.073 of the Revised Code relative to insurance 2
policies that are issued, sold, or assigned for the 3
purpose of purchasing funeral or burial goods or 4
services, interest earned under the Standard 5
Nonforfeiture Law for Individual Deferred 6
Annuities, and acquisitions conducted under the 7
Holding Company Systems Law. 8

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 3901.321, 3905.45, 3905.451, and 9
3915.073 of the Revised Code be amended to read as follows: 10

Sec. 3901.321. (A) For the purposes of this section: 11

(1) "Acquiring party" means any person by whom or on whose 12
behalf a merger or other acquisition of control is to be effected. 13

(2) "Domestic insurer" includes any person controlling a 14
domestic insurer unless the person, as determined by the 15

superintendent of insurance, is either directly or through its
affiliates primarily engaged in business other than the business
of insurance.

(3) "Person" does not include any securities broker holding,
in the usual and customary broker's function, less than twenty per
cent of the voting securities of an insurance company or of any
person that controls an insurance company.

(B)(1) Subject to compliance with division (B)(2) of this
section, no person other than the issuer shall do any of the
following if, as a result, the person would, directly or
indirectly, including by means of conversion or the exercise of
any right to acquire, be in control of a domestic insurer:

(a) Make a tender offer for any voting security of a domestic
insurer;

(b) Make a request or invitation for tenders of any voting
security of a domestic insurer;

(c) Enter into any agreement to exchange securities of a
domestic insurer;

(d) Seek to acquire or acquire, in the open market or
otherwise, any voting security of a domestic insurer;

(e) Enter into an agreement to merge with, or otherwise to
acquire control of, a domestic insurer.

(2)(a) No person shall engage in any transaction described in
division (B)(1) of this section, unless all of the following
conditions are met:

(i) The person has filed with the superintendent of insurance
a statement containing the information required by division (C) of
this section;

(ii) The person has sent the statement to the domestic
insurer;

(iii) The offer, request, invitation, agreement, or acquisition has been approved by the superintendent in the manner provided in division (F) of this section.

(b) The requirements of division (B)(2)(a) of this section shall be met at the time any offer, request, or invitation is made, or any agreement is entered into, or prior to the acquisition of the securities if no offer or agreement is involved.

(C) The statement required by division (B)(2) of this section shall be made under oath or affirmation, and shall contain all of the following information:

(1) The name and address of each acquiring party;

(2) If the acquiring party is an individual, the individual's principal occupation and all offices and positions held during the past five years, and any conviction of crimes other than minor traffic violations during the past ten years;

(3) If the acquiring party is not an individual, a report of the nature of its business operations during the past five years or for such lesser period as the acquiring party and any of its predecessors shall have been in existence; an informative description of the business intended to be done by the acquiring party and the acquiring party's subsidiaries; and a list of all individuals who are or who have been selected to become directors or executive officers of the acquiring party, who perform or will perform functions appropriate to such positions. The list shall include for each individual the information required by division (C)(2) of this section.

(4) The source, nature, and amount of the consideration used or to be used in effecting the merger or other acquisition of control, a description of any transaction in which funds were or are to be obtained for any such purpose, including any pledge of

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the domestic insurer's stock, or the stock of any of its	77
subsidiaries or controlling affiliates, and the identity of	78
persons furnishing such consideration;	79
(5) Fully audited financial information as to the earnings	80
and financial condition of each acquiring party for its preceding	81
five fiscal years, or for such lesser period as the acquiring	82
party and any of its predecessors shall have been in existence,	83
and similar unaudited information as of a date not earlier than	84
ninety days prior to the filing of the statement;	85
(6) Any plans or proposals which each acquiring party may	86
have to liquidate such domestic insurer, to sell its assets or	87
merge or consolidate it with any person, or to make any other	88
material change in its business or corporate structure or	89
management;	90
(7) The number of shares of any security of such issuer or	91
such controlling person that each acquiring party proposes to	92
acquire, and the terms of the offer, request, invitation,	93
agreement, or acquisition, and a statement as to the method by	94
which the fairness of the proposal was determined;	95
(8) The amount of each class of any security of such issuer	96
or such controlling person which is beneficially owned or	97
concerning which there is a right to acquire beneficial ownership	98
by each acquiring party;	99
(9) A full description of any contracts, arrangements, or	100
understandings with respect to any security of such issuer or such	101
controlling person in which any acquiring party is involved,	102
including but not limited to transfer of any of the securities,	103
joint ventures, loan or option arrangements, puts or calls,	104
guarantees of loans, guarantees against loss or guarantees of	105
profits, division of losses or profits, or the giving or	106
withholding of proxies. The description shall identify the persons	107

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with whom such contracts, arrangements, or understandings have
been made.

(10) A description of the purchase of any security of such
issuer or such controlling person during the year preceding the
filing of the statement, by any acquiring party, including the
dates of purchase, names of the purchasers, and consideration paid
or agreed to be paid therefor;

(11) A description of any recommendations to purchase any
security of such issuer or such controlling person made during the
year preceding the filing of the statement, by any acquiring
party, or by anyone based upon interviews or at the suggestion of
the acquiring party;

(12) Copies of all tender offers for, requests, or
invitations for tenders of, exchange offers for, and agreements to
acquire or exchange any securities of such issuer or such
controlling person, and, if distributed, of additional
solicitation material relating thereto;

(13) The terms of any agreement, contract, or understanding
made with or proposed to be made with any broker or dealer as to
solicitation of securities of such issuer or such controlling
person for tender, and the amount of any fees, commissions, or
other compensation to be paid to brokers or dealers with regard
thereto;

(14) With respect to proposed affiliations between depository
institutions or any affiliate thereof, within the meaning of Title
I, section 104(c) of the "Gramm-Leach-Bliley Act," Pub. L. No.
106-102, 113 Stat. 1338 (1999), and a domestic insurer, the
proposed effective date of the acquisition or change of control;

(15) Such additional information as the superintendent may by
rule prescribe as necessary or appropriate for the protection of
policyholders of the domestic insurer or in the public interest.

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(D)(1) If the person required to file the statement required 140
by division (B)(2) of this section is a partnership, limited 141
partnership, syndicate, or other group, the superintendent may 142
require that the information required by division (C) of this 143
section be furnished with respect to each partner of such 144
partnership or limited partnership, each member of such syndicate 145
or group, and each person that controls such partner or member. If 146
any such partner, member, or person is a corporation, or the 147
person required to file the statement is a corporation, the 148
superintendent may require that the information required by 149
division (C) of this section be furnished with respect to the 150
corporation, each officer and director of the corporation, and 151
each person that is directly or indirectly the beneficial owner of 152
more than ten per cent of the outstanding voting securities of the 153
corporation. 154

(2) If any material change occurs in the facts set forth in 155
the statement required by division (B)(2) of this section, an 156
amendment setting forth such change, together with copies of all 157
documents and other material relevant to the change, shall be 158
filed with the superintendent by the person subject to division 159
(B)(2) of this section and sent to the domestic insurer within two 160
business days after such person learns of the occurrence of the 161
material change. 162

(E) If any offer, request, invitation, agreement, or 163
acquisition described in division (B)(1) of this section is 164
proposed to be made by means of a registration statement under the 165
"Securities Act of 1933," 48 Stat. 74, 15 U.S.C.A. 78a, or in 166
circumstances requiring the disclosure of similar information 167
under the "Securities Exchange Act of 1934," 48 Stat. 881, 15 168
U.S.C.A. 78a, or under a state law requiring similar registration 169
or disclosure, the person required to file the statement required 170

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by division (B)(2) of this section may use such documents in	171
furnishing the information required by that statement.	172
(F)(1) The superintendent shall approve any merger or other	173
acquisition of control described in division (B)(1) of this	174
section unless, after a public hearing, the superintendent finds	175
that any of the following apply:	176
(a) After the change of control, the domestic insurer would	177
not be able to satisfy the requirements for the issuance of a	178
license to write the line or lines of insurance for which it is	179
presently licensed;	180
(b) The effect of the merger or other acquisition of control	181
would be substantially to lessen competition in insurance in this	182
state or tend to create a monopoly;	183
(c) The financial condition of any acquiring party is such as	184
might jeopardize the financial stability of the domestic insurer,	185
or prejudice the interests of its policyholders;	186
(d) The plans or proposals that the acquiring party has to	187
liquidate the domestic insurer, sell its assets, or consolidate or	188
merge it with any person, or to make any other material change in	189
its business or corporate structure or management, are unfair and	190
unreasonable to policyholders of the domestic insurer and not in	191
the public interest;	192
(e) The competence, experience, and integrity of those	193
persons that would control the operation of the domestic insurer	194
are such that it would not be in the interest of policyholders of	195
the domestic insurer and of the public to permit the merger or	196
other acquisition of control;	197
(f) The acquisition is likely to be hazardous or prejudicial	198
to the insurance-buying public.	199
(2)(a) Chapter 119. of the Revised Code, <u>except for section</u>	200

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119.09 of the Revised Code, applies to the notice of any hearing 201
held under division (F)(1) of this section, including the notice 202
of the hearing, the conduct of the hearing, the orders issued 203
pursuant to it, the review of the orders, and all other matters 204
relating to the holding of the hearing, but only to the extent 205
that Chapter 119. of the Revised Code is not inconsistent or in 206
conflict with this section. 207

(b) The notice of a hearing required under this division 208
shall be transmitted by personal service, certified mail, e-mail, 209
or any other method designed to ensure and confirm receipt of the 210
notice, to the persons and addresses designated to receive notices 211
and correspondence in the information statement filed under 212
division (B)(2) of this section. Confirmation of receipt of the 213
notice, including electronic "Read Receipt" confirmation, shall 214
constitute evidence of compliance with the requirement of this 215
section. The notice of hearing shall include the reasons for the 216
proposed action and a statement informing the acquiring party that 217
the party is entitled to a hearing. The notice also shall inform 218
the acquiring party that at the hearing the acquiring party may 219
appear in person, by attorney, or by such other representative as 220
is permitted to practice before the superintendent, or that the 221
acquiring party may present its position, arguments, or 222
contentions in writing, and that at the hearing the acquiring 223
party may present evidence and examine witnesses appearing for and 224
against the acquiring party. A copy of the notice also shall be 225
transmitted to attorneys or other representatives of record 226
representing the acquiring party. 227

(c) The hearing shall be held at the offices of the 228
superintendent within ten calendar days, but not earlier than 229
seven calendar days, of the date of transmission of the notice of 230
hearing by any means, unless it is postponed or continued; but in 231
no event shall the hearing be held unless notice is received at 232

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least three days prior to the hearing. The superintendent may
postpone or continue the hearing upon receipt of a written request
by an acquiring party, or upon the superintendent's motion,
provided, however, a hearing in connection with a proposed change
of control involving a depository institution or any affiliate
thereof, within the meaning of Title I, section 104(c) of the
"Gramm-Leach-Bliley Act," Pub. L. No. 106-102, 113 Stat. 1338
(1999), and a domestic insurer, may be postponed or continued only
upon the request of an acquiring party, or upon the
superintendent's motion when the acquiring party agrees in writing
to extend the sixty-day period provided for in section 104(c) of
the "Gramm-Leach-Bliley Act," by a number of days equal to the
number of days of such postponement or continuance.

(d) For the purpose of conducting any hearing held under this
section, the superintendent may require the attendance of such
witnesses and the production of such books, records, and papers as
the superintendent desires, and may take the depositions of
witnesses residing within or without the state in the same manner
as is prescribed by law for the taking of depositions in civil
actions in the court of common pleas, and for that purpose the
superintendent may, and upon the request of an acquiring party
shall, issue a subpoena for any witnesses or a subpoena duces
tecum to compel the production of any books, records, or papers,
directed to the sheriff of the county where such witness resides
or is found, which shall be served and returned in the same manner
as a subpoena in a criminal case is served and returned. The fees
and mileage of the sheriff and witnesses shall be the same as that
allowed in the court of common pleas in criminal cases. Fees and
mileage shall be paid from the fund in the state treasury for the
use of the superintendent in the same manner as other expenses of
the superintendent are paid. In any case of disobedience or
neglect of any subpoena served on any person or the refusal of any

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witness to testify in any matter regarding which the witness may lawfully be interrogated, the court of common pleas of any county where such disobedience, neglect, or refusal occurs or any judge thereof, on application by the superintendent, shall compel obedience by attachment proceedings for contempt, as in the case of disobedience of the requirements of a subpoena issued from the court or a refusal to testify therein.

In any hearing held under this section, a record of the testimony, as provided by stenographic means or by use of audio electronic recording devices, as determined by the superintendent, and other evidence submitted shall be taken at the expense of the superintendent. The record shall include all of the testimony and other evidence, and rulings on the admissibility thereof, presented at the hearing.

The superintendent shall pass upon the admissibility of evidence, but a party to the proceedings may at that time object to the rulings of the superintendent, and if the superintendent refuses to admit evidence, the party offering the evidence shall proffer the evidence. The proffer shall be made a part of the record of the hearing.

In any hearing held under this section, the superintendent may call any person to testify under oath as upon cross-examination. The superintendent, or any one delegated by the superintendent to conduct a hearing, may administer oaths or affirmations.

In any hearing under this section, the superintendent may appoint a hearing officer to conduct the hearing; the hearing officer has the same powers and authority in conducting the hearing as is granted to the superintendent. The hearing officer shall have been admitted to the practice of law in the state and be possessed of any additional qualifications as the superintendent requires. The hearing officer shall submit to the

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superintendent a written report setting forth the hearing 297
officer's finding of fact and conclusions of law and a 298
recommendation of the action to be taken by the superintendent. A 299
copy of the written report and recommendation shall, within seven 300
days of the date of filing thereof, be served upon the acquiring 301
party or the acquiring party's attorney or other representative of 302
record, by personal service, certified mail, e-mail, or any other 303
method designed to ensure and confirm receipt of the report. The 304
acquiring party may, within three days of receipt of the copy of 305
the written report and recommendation, file with the 306
superintendent written objections to the report and 307
recommendation, which objections the superintendent shall consider 308
before approving, modifying, or disapproving the recommendation. 309
The superintendent may grant extensions of time to the acquiring 310
party within which to file such objections. No recommendation of 311
the hearing officer shall be approved, modified, or disapproved by 312
the superintendent until after three days following the service of 313
the report and recommendation as provided in this section. The 314
superintendent may order additional testimony to be taken or 315
permit the introduction of further documentary evidence. The 316
superintendent may approve, modify, or disapprove the 317
recommendation of the hearing officer, and the order of the 318
superintendent based on the report, recommendation, transcript of 319
testimony, and evidence, or the objections of the acquiring party, 320
and additional testimony and evidence shall have the same effect 321
as if the hearing had been conducted by the superintendent. No 322
such recommendation is final until confirmed and approved by the 323
superintendent as indicated by the order entered in the record of 324
proceedings, and if the superintendent modifies or disapproves the 325
recommendations of the hearing officer, the reasons for the 326
modification or disapproval shall be included in the record of 327
proceedings. 328

After the order is entered, the superintendent shall transmit 329
in the manner and by any of the methods set forth in division 330
(F)(2)(b) of this section a certified copy of the order and a 331
statement of the time and method by which an appeal may be 332
perfected. A copy of the order shall be mailed to the attorneys or 333
other representatives of record representing the acquiring party. 334

(e) An order of disapproval issued by the superintendent may 336
be appealed to the court of common pleas of Franklin county by 337
filing a notice of appeal with the superintendent and a copy of 338
the notice of appeal with the court, within fifteen calendar days 339
after the transmittal of the copy of the order of disapproval. The 340
notice of appeal shall set forth the order appealed from and the 341
grounds for appeal, in accordance with section 119.12 of the 342
Revised Code. 343

(3) The superintendent may retain at the acquiring party's 344
expense any attorneys, actuaries, accountants, and other experts 345
not otherwise a part of the superintendent's staff as may be 346
reasonably necessary to assist the superintendent in reviewing the 347
proposed acquisition of control. 348

(G) This section does not apply to either of the following: 349

(1) Any transaction that is subject to section 3907.09, 350
3907.10, 3907.11, or 3921.14, or sections 3925.27 to 3925.31, 351
3941.35 to 3941.46, or section 3953.19 of the Revised Code; 352

(2) Any offer, request, invitation, agreement, or acquisition 353
that the superintendent by order exempts from this section on 354
either of the following bases: 355

(a) It has not been made or entered into for the purpose and 356
does not have the effect of changing or influencing the control of 357
a domestic insurer; 358

(b) It is not otherwise comprehended within the purposes of 359

this section. 360

(H) Nothing in this section or in any other section of Title 361
XXXIX of the Revised Code shall be construed to impair the 362
authority of the attorney general to investigate or prosecute 363
actions under any state or federal antitrust law with respect to 364
any merger or other acquisition involving domestic insurers. 365

(I) In connection with a proposed change of control involving 366
a depository institution or any affiliate thereof, within the 367
meaning of Title I, section 104(c) of the "Gramm-Leach-Bliley 368
Act," Pub. L. No. 106-102, 113 Stat. 1338 (1999), and a domestic 369
insurer, not later than sixty days after the date of the 370
notification of the proposed change in control submitted pursuant 371
to division (B)(2) of this section, the superintendent shall make 372
any determination that the person acquiring control of the insurer 373
shall maintain or restore the capital of the insurer to the level 374
required by the laws and regulations of this state. 375

Sec. 3905.45. ~~No insurer engaged in the business of providing 377~~
(A) If an insurance policy has been issued, sold, or assigned for 378
the payment purpose of purchasing any funeral or burial goods or 379
services, the insurer shall not pay the benefits of the insurance 380
policy, including the cash surrender value, to any funeral 381
director or funeral home, licensed under Chapter 4717. of the 382
Revised Code provider of such goods or services, unless the 383
insurer, as a condition to paying the benefits of the insurance 384
policy, is provided by receives from the funeral director or 385
funeral home with provider a certified copy of the certificate of 386
death of the insured, or other evidence of death satisfactory to 387
the insurer, and a certificate of completion. The certificate of 388
completion shall be signed by the funeral director, provider and 389
shall certify that the funeral director or funeral home provider 390

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has ~~provided~~ delivered all the goods and performed all the 391
services contracted for, by, or on behalf of the insured. 392

(B) A provider of funeral or burial goods or services shall 393
not pledge, assign, transfer, borrow from, or otherwise encumber 394
an insurance policy described in division (A) of this section 395
prior to delivering all the goods and performing all the services 396
contracted for, by, or on behalf of the insured. However, a 397
provider may assign or otherwise transfer such a policy to another 398
provider of funeral or burial goods or services in conjunction 399
with the assumption by the other provider of the contractual 400
obligation to provide the goods or services. 401

Sec. 3905.451. ~~The sale of a~~ A life insurance policy that is 402
issued, sold, or assigned for the ~~benefits purpose of which are~~ 403
~~payable to the provider of~~ purchasing funeral or burial goods or 404
services ~~as payment for these,~~ and the contractual obligation to 405
provide the goods or services ~~is,~~ are not ~~the sale of a preneed~~ 406
~~funeral contract as defined in~~ subject to section 1111.19 of the 407
Revised Code. 408

Sec. 3915.073. (A) This section shall be known as the 409
standard nonforfeiture law for individual deferred annuities. 410

(B) This section does not apply to any reinsurance, group 411
annuity purchased under a retirement plan or plan of deferred 412
compensation established or maintained by an employer, including a 413
partnership or sole proprietorship, or by an employee 414
organization, or by both, other than a plan providing individual 415
retirement accounts or individual retirement annuities under 416
section 408 of the Internal Revenue Code of 1954, 26 U.S.C.A. 408, 417
as amended, premium deposit fund, variable annuity, investment 418
annuity, immediate annuity, any deferred annuity contract after 419
annuity payments have commenced, or reversionary annuity, nor to 420
any contract which is delivered outside this state through an 421

agent or other representative of the company issuing the contract. 422

(C) In the case of contracts issued on or after the operative 423
date of this section as defined in division (L) of this section, 424
no contract of annuity, except as stated in division (B) of this 425
section shall be delivered or issued for delivery in this state 426
unless it contains in substance the following provisions, or 427
corresponding provisions that in the opinion of the superintendent 428
are at least as favorable to the contractholder, upon cessation of 429
payment of consideration under the contract: 430

(1) That upon cessation of payment of considerations under a 431
contract, the company will grant a paid-up annuity benefit on a 432
plan stipulated in the contract of such value as is specified in 433
divisions (E), (F), (G), (H), and (J) of this section; 434

(2) If a contract provides for a lump sum settlement at 435
maturity, or at any other time, that upon surrender of the 436
contract at or prior to the commencement of any annuity payments, 437
the company will pay in lieu of any paid-up annuity benefit a cash 438
surrender benefit of such amount as is specified in divisions (E), 439
(F), (H), and (J) of this section. The company shall reserve the 440
right to defer the payment of such cash surrender benefit for a 441
period of six months after demand therefor with surrender of the 442
contract. 443

(3) A statement of the mortality table, if any, and interest 444
rates used in calculating any minimum paid-up annuity, cash 445
surrender, or death benefits that are guaranteed under the 446
contract, together with sufficient information to determine the 447
amounts of such benefits; 448

(4) A statement that any paid-up annuity, cash surrender, or 449
death benefits that may be available under the contract are not 450
less than the minimum benefits required by any statute of the 451
state in which the contract is delivered and an explanation of the 452

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manner in which such benefits are altered by the existence of any
additional amounts credited by the company to the contract, any
indebtedness to the company on the contract, or any prior
withdrawals from or partial surrenders of the contract.

Notwithstanding the requirements of this section, any
deferred annuity contract may provide that if no considerations
have been received under a contract for a period of two full years
and the portion of the paid-up annuity benefit at maturity on the
plan stipulated in the contract arising from considerations paid
prior to such period would be less than twenty dollars monthly,
the company may at its option terminate such contract by payment
in cash of the then present value of such portion of the paid-up
annuity benefit, calculated on the basis of the mortality table,
if any, and interest rate specified in the contract for
determining the paid-up annuity benefit, and by such payment shall
be relieved of any further obligation under such contract.

(D) The minimum values as specified in divisions (E), (F),
(G), (H), and (J) of this section of any paid-up annuity, cash
surrender, or death benefits available under an annuity contract
shall be based upon minimum nonforfeiture amounts as defined in
this section.

(1) With respect to contracts providing for flexible
considerations, the minimum nonforfeiture amount at any time at or
prior to the commencement of any annuity payments shall be equal
to an accumulation up to such time at a rate of interest of three
per cent per annum of percentages of the net considerations, as
defined in this section, paid prior to such time, decreased by the
sum of:

(a) Any prior withdrawals from or partial surrenders of the
contract accumulated at a rate of interest of three per cent per
annum; and

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(b) The amount of any indebtedness to the company on the contract, including interest due and accrued; and increased by any existing additional amounts credited by the company to the contract.

The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount not less than zero and shall be equal to the corresponding gross considerations credited to the contract during that contract year less an annual contract charge of thirty dollars and less a collection charge of one dollar and twenty-five cents per consideration credited to the contract during that contract year. The percentages of net considerations shall be sixty-five per cent of the net consideration for the first contract year and eighty-seven and one-half per cent of the net considerations for the second and later contract years. Notwithstanding the provisions of the preceding sentence, the percentage shall be sixty-five per cent of the portion of the total net consideration for any renewal contract year that exceeds by not more than two times the sum of those portions of the net considerations in all prior contract years for which the percentage was sixty-five per cent.

Notwithstanding any other provision of this section, for any contract issued on or after the effective date of this amendment, and before September 1, 2004, the interest rate at which net considerations, partial withdrawals, and partial surrenders shall be accumulated for purposes of determining minimum nonforfeiture amounts shall be one and one-half per cent per annum.

(2) With respect to contracts providing for fixed scheduled considerations, minimum nonforfeiture amounts shall be calculated on the assumption that considerations are paid annually in advance and shall be defined as for contracts with flexible considerations which are paid annually with two exceptions:

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(a) The portion of the net consideration for the first contract year to be accumulated shall be the sum of sixty-five per cent of the net consideration for the first contract year plus twenty-two and one-half per cent of the excess of the net consideration for the first contract year over the lesser of the net considerations for the second and third contract years;

(b) The annual contract charge shall be the lesser of (i) thirty dollars or (ii) ten per cent of the gross annual consideration.

(3) With respect to contracts providing for a single consideration, minimum nonforfeiture amounts shall be defined as for contracts with flexible considerations except that the percentage of net consideration used to determine the minimum nonforfeiture amount shall be equal to ninety per cent and the net consideration shall be the gross consideration less a contract charge of seventy-five dollars.

(E) Any paid-up annuity benefit available under a contract shall be such that its present value on the date annuity payments are to commence is at least equal to the minimum nonforfeiture amount on that date. Such present value shall be computed using the mortality table, if any, and the interest rate specified in the contract for determining the minimum paid-up annuity benefits guaranteed in the contract.

(F) For contracts which provide cash surrender benefits, such cash surrender benefits available prior to maturity shall not be less than the present value as of the date of surrender of that portion of the maturity value of the paid-up annuity benefit that would be provided under the contract at maturity arising from considerations paid prior to the time of cash surrender reduced by the amount appropriate to reflect any prior withdrawals from or partial surrenders of the contract, such present value being calculated on the basis of an interest rate not more than one per

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cent higher than the interest rate specified in the contract for 548
accumulating the net considerations to determine such maturity 549
value, decreased by the amount of any indebtedness to the company 550
on the contract, including interest due and accrued, and increased 551
by any existing additional amounts credited by the company to the 552
contract. In no event shall any cash surrender benefit be less 553
than the minimum nonforfeiture amount at that time. The death 554
benefit under such contracts shall be at least equal to the cash 555
surrender benefit. 556

(G) For contracts that do not provide cash surrender 557
benefits, the present value of any paid-up annuity benefit 558
available as a nonforfeiture option at any time prior to maturity 559
shall not be less than the present value of that portion of the 560
maturity value of the paid-up annuity benefit provided under the 561
contract arising from considerations paid prior to the time the 562
contract is surrendered in exchange for, or changed to, a deferred 563
paid-up annuity, such present value being calculated for the 564
period prior to the maturity date on the basis of the interest 565
rate specified in the contract for accumulating the net 566
considerations to determine such maturity value, and increased by 567
any existing additional amounts credited by the company to the 568
contract. For contracts that do not provide any death benefits 569
prior to the commencement of any annuity payments, such present 570
values shall be calculated on the basis of such interest rate and 571
the mortality table specified in the contract for determining the 572
maturity value of the paid-up annuity benefit. However, in no 573
event shall the present value of a paid-up annuity benefit be less 574
than the minimum nonforfeiture amount at that time. 575

(H) For the purpose of determining the benefits calculated 576
under divisions (F) and (G) of this section, in the case of 577
annuity contracts under which an election may be made to have 578
annuity payments commence at optional maturity dates, the maturity 579

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date shall be deemed to be the latest date for which election 580
shall be permitted by the contract, but shall not be deemed to be 581
later than the anniversary of the contract next following the 582
annuitant's seventieth birthday or the tenth anniversary of the 583
contract, whichever is later. 584

(I) Any contract that does not provide cash surrender 585
benefits or does not provide death benefits at least equal to the 586
minimum nonforfeiture amount prior to the commencement of any 587
annuity payments shall include a statement in a prominent place in 588
the contract that such benefits are not provided. 589

(J) Any paid-up annuity, cash surrender, or death benefits 590
available at any time, other than on the contract anniversary 591
under any contract with fixed scheduled considerations, shall be 592
calculated with allowance for the lapse of time and the payment of 593
any scheduled considerations beyond the beginning of the contract 594
year in which cessation of payment of considerations under the 595
contract occurs. 596

(K) For any contract that provides, within the same contract 597
by rider or supplemental contract provision, both annuity benefits 598
and life insurance benefits that are in excess of the greater of 599
cash surrender benefits or a return of the gross considerations 600
with interest, the minimum nonforfeiture benefit shall be equal to 601
the sum of the minimum nonforfeiture benefits for the annuity 602
portion and the minimum nonforfeiture benefits, if any, for the 603
life insurance portion computed as if each portion were a separate 604
contract. Notwithstanding the provisions of divisions (E), (F), 605
(G), (H), and (J) of this section, additional benefits payable: 606

(1) In the event of total and permanent disability; 607

(2) As reversionary annuity or deferred reversionary annuity 608
benefits; or 609

(3) As other policy benefits additional to life insurance, 610

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endowment and annuity benefits, and considerations for all such
additional benefits shall be disregarded in ascertaining the
minimum nonforfeiture amounts, paid-up annuity, cash surrender,
and death benefits that may be required by this section.

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The inclusion of such additional benefits shall not be
required in any paid-up benefits, unless such additional benefits
separately would require minimum nonforfeiture amounts, paid-up
annuity, cash surrender, and death benefits.

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(L) Any company may file with the superintendent a written
notice of its election to comply with the provisions of this
section on or before July 1, 1980. The date specified in the
notice shall be the operative date of this section for such
company. If a company makes no such election, the operative date
of this section for the company shall be July 1, 1980.

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Section 2. That existing sections 3901.321, 3905.45,
3905.451, and 3915.073 of the Revised Code are hereby repealed.

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