

# AN ACT

To amend sections 3905.29, 3907.02, 3925.03, 3925.04, and 3941.05, to enact section 3901.73, and to repeal section 3901.43 of the Revised Code relative to the residency of the directors of insurance companies and the provision of copies of late filing notices to governing boards under the jurisdiction of the Department of Insurance, to rescind the statutory requirement that the Superintendent of Insurance annually file a report on insurer investments with the General Assembly, to allow the Superintendent to send certain forms electronically to insurers, and to provide mechanisms for changes in the number of directors and trustees of insurance companies.

*Be it enacted by the General Assembly of the State of Ohio:*

SECTION 1. That sections 3905.29, 3907.02, 3925.03, 3925.04, and 3941.05 be amended and section 3901.73 of the Revised Code be enacted to read as follows:

Sec. 3901.73. The department of insurance shall forward a copy of any written notice received from any insurance company or health insuring corporation domiciled in this state that the insurer or health insuring corporation will be late in making the filing of any quarterly or annual financial statement, required under Title XXXIX or Chapter 1751. of the Revised Code, to the board of directors of the insurer or health insuring corporation required to file the financial statement. The department shall also provide the board the date on which the department received the notice.

Sec. 3905.29. (A) The superintendent of insurance shall adopt the forms, instructions, and manuals prescribed by the national association of insurance commissioners, for the preparation and filing of statutory financial statements and other financial information. However, the superintendent may by rule adopt modifications to such prescribed forms, instructions, and manuals as ~~he~~ the superintendent considers necessary.

(B) For circumstances not addressed by the forms, instructions, and manuals prescribed by the national association of insurance commissioners, the superintendent may determine accounting practices and methods for purposes of preparing statutory financial statements and other financial information.

(C) The superintendent shall furnish each domestic insurance company ~~a printed copy of~~ the forms for the filing of statutory financial statements and other financial information required to be made by it.

Sec. 3907.02. The persons forming a company under section 3907.01 of the Revised Code shall file in the office of the secretary of state articles of incorporation, signed by them, setting forth their intention to form a company, which articles shall comprise a copy of the charter they propose to adopt. The charter shall set forth the name of the company, which shall not be the corporate name or title used to designate any fire, life, marine, or other insurance company existing under the laws of this state, the place where it is to be located, the kind of business to be undertaken, the manner in which its corporate powers are to be exercised, the number of directors or trustees, the manner of electing them and other officers, ~~a majority of whom shall be citizens of this state~~, the time of such election, the manner of filling vacancies, the amount of capital to be employed, and such other particulars as are necessary to explain and make manifest the objects and purposes of the company, and the manner in which it is to be conducted. The number of directors or trustees shall be not less than five nor more than twenty-one. ~~At any time the number may be increased or diminished between the same limits, at the will of the stockholders representing a majority of the stock or a majority of the members~~ The number of directors or trustees may be fixed or changed at a meeting of the stockholders or members called for the purpose of electing directors or trustees at which a quorum is present, by affirmative vote of the holders of a majority of the shares, or a majority of the members, which are represented at the meeting and entitled to vote on the proposal. In addition to the authority of the stockholders or members to change the number of directors or trustees and the manner in which the number may be fixed or changed, the articles, code of regulations, or bylaws may authorize the directors or trustees to change the number of directors or trustees, may specify the manner in which the directors or trustees are to change the number of directors or trustees and the limitations upon the directors' or trustees' use of this authority, and may authorize the directors or trustees who are in office to fill any director's or trustee's office that is created by an increase in the number of directors or trustees. No reduction in the number of directors or trustees shall of itself have the effect of

shortening the term of any incumbent director or trustee.

Sec. 3925.03. Within one month after the subscription books of ~~an~~ a stock insurance company are filled, as provided in section 3925.02 of the Revised Code, and after the articles of incorporation of a stock insurance company are filed with the secretary of state, a majority of subscribers to the voting stock shall hold a meeting for the election of not less than five nor more than twenty-one directors. ~~At any time thereafter the~~ The number of directors may be increased or diminished between the same limits, ~~at the will of stockholders representing a majority of the stock or a majority of the members. Each member of a mutual insurance company is entitled to one vote, and each~~ by amendment of the code of regulations or bylaws, if the number of directors is included in the code of regulations or bylaws of the company, or pursuant to a vote of the stockholders representing a majority of the stock voting, in person or by proxy, at a meeting, if the number of directors is included in the articles of incorporation of the company. No reduction in the number of directors shall of itself have the effect of shortening the term of any incumbent director. Each stockholder ~~in other companies~~ is entitled to one vote for each share of voting stock ~~he holds held~~. If their bylaws so provide, ~~mutual companies may elect directors for a term of three years, the term of office of one third of the number elected to expire each year, and those who receive the highest number of votes at the first election to serve for the longest term.~~

~~From their own number the~~ The directors of ~~such an~~ a stock insurance company shall choose, by ballot, a president, and also fill vacancies that arise in the board, or in the presidency ~~thereof~~ of the company.

Sec. 3925.04. When convened at the office of the company, the board of directors elected or appointed as provided in section 3925.03 or 3941.05 of the Revised Code, or a majority of the board, may appoint a secretary and other officers or agents necessary for transacting its business, and may pay such salaries and take such securities as the board considers reasonable. The board may ordain and establish bylaws and a code of regulations, or make amendments to the bylaws or code of regulations previously adopted, not inconsistent with the constitution and laws of this state and of the United States, which appear necessary for regulating and conducting the business of the company. New bylaws or regulations shall not take effect until approved by the superintendent of insurance and until a copy thereof is filed in ~~his~~ the superintendent's office. The board shall keep full and correct records of its transactions, which shall be open at all times to the inspection of the members or stockholders.

Sec. 3941.05. A domestic mutual company has legal existence, subject

to the limitations prescribed in sections 3941.01 to 3941.34 ~~inclusive~~, of the Revised Code, from the filing of its articles of incorporation with the secretary of state. The original incorporators may fix and call the first meeting and adopt bylaws which thereupon shall be filed with the superintendent of insurance, and may elect the first officers and directors who shall continue in office until the first annual meeting of the members. The number of directors shall not be less than five nor more than twenty-one. The number of directors may be increased or diminished between the same limits by amendment of the code of regulations or bylaws pursuant to section 3941.09 of the Revised Code, if the number of directors is included in the code of regulations or bylaws of the mutual company, or pursuant to a vote of the majority of the members voting, in person or by proxy, at a meeting, if the number of directors is included in the articles of incorporation of the mutual company. No reduction in the number of directors shall of itself have the effect of shortening the term of any incumbent director.

If a mutual company's code of regulations or bylaws so provide, a mutual company may elect directors for a term of three years, the term of office of one third of the number elected to expire each year, and those who receive the highest number of votes at the first election to serve the longest term. The directors of a mutual company may choose, by ballot, a president of the company and also fill vacancies that arise in the board, or in the presidency of the company.

Sub. S. B. No. 171

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SECTION 2. That existing sections 3905.29, 3907.02, 3925.03, 3925.04, and 3941.05 and section 3901.43 of the Revised Code are hereby repealed.

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*Speaker* \_\_\_\_\_ *of the House of Representatives.*

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*President* \_\_\_\_\_ *of the Senate.*

Passed \_\_\_\_\_, 20\_\_\_\_

Approved \_\_\_\_\_, 20\_\_\_\_

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*Governor.*

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The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

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*Director, Legislative Service Commission.*

Filed in the office of the Secretary of State at Columbus, Ohio, on the  
\_\_\_\_ day of \_\_\_\_\_, A. D. 20\_\_\_\_.

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*Secretary of State.*

File No. \_\_\_\_\_ Effective Date \_\_\_\_\_