

## As Passed by the Senate

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Representatives Martin, McGregor, Kearns, Seitz, Husted, Schaffer, Webster,  
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Senators Nein, Hottinger, Padgett, Robert Gardner, Mumper, Roberts, Zurz

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### A B I L L

To amend sections 1739.02, 1739.99, 1751.02, 1751.28, 1  
3901.78, 3905.14, 3917.01, and 3999.99 and to 2  
enact sections 1739.27 and 3999.18 of the Revised 3  
Code to change the assets that are considered to 4  
be admitted assets for purposes of meeting the 5  
statutory minimum for health insuring 6  
corporations, to provide an option for group life 7  
insurance coverage for certain members of a 8  
workforce, to provide for criminal and financial 9  
penalties for persons establishing or operating 10  
unlicensed health care insurers and criminal and 11  
administrative penalties for agents selling 12  
policies of unlicensed insurers, and to amend 13  
provisions governing the issuance of certificates 14  
of compliance to insurers. 15

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

**Section 1.** That sections 1739.02, 1739.99, 1751.02, 1751.28, 16  
3901.78, 3905.14, 3917.01, and 3999.99 be amended and sections 17  
1739.27 and 3999.18 of the Revised Code be enacted to read as 18  
follows: 19

**Sec. 1739.02.** (A) A trade association, industry association, 20  
or professional association that has been organized and maintained 21  
in good faith for a continuous period of one year or more for 22  
purposes other than obtaining insurance may establish, maintain, 23  
or operate a group self-insurance program under a multiple 24  
employer welfare arrangement that is chartered and created in this 25  
state under sections 1739.01 to 1739.22 of the Revised Code. 26

(B) Except as provided in section 9.833 and sections 1739.01 27  
to 1739.22 of the Revised Code, no multiple employer welfare 28  
arrangement or other entity by which two or more employers jointly 29  
participate in a common employee welfare benefit plan shall 30  
operate a group self-insurance program in this state after four 31  
months after the effective date of this section. 32

(C) Sections 1739.01 to 1739.22 of the Revised Code do not 33  
apply to any entity that establishes, maintains, or operates a 34  
fully-insured program. 35

(D) No person shall establish, operate, or maintain a 36  
multiple employer welfare arrangement providing benefits through a 37  
group self-insurance program in this state unless the multiple 38  
employer welfare arrangement has a valid certificate of authority 39  
from the superintendent of insurance. 40

**Sec. 1739.27.** No insurance agent, broker, or other person 41  
shall advertise, solicit, negotiate, collect a premium on, or sell 42  
any enrollment in, a group self-insurance program in this state, 43  
unless the multiple employer welfare arrangement has a valid 44

certificate of authority from the superintendent of insurance. 45

**Sec. 1739.99.** (A) Whoever violates division (B) of section 46  
1739.02 of the Revised Code is guilty of a felony of the fourth 47  
degree. 48

(B) Whoever violates division (D) of section 1739.02 of the 49  
Revised Code is guilty of a felony of the fourth degree. 50

(C) Whoever violates section 1739.27 of the Revised Code is 51  
guilty of a misdemeanor of the first degree on a first offense and 52  
a felony of the fifth degree on each subsequent offense. 53

(D) If a person is found guilty under this section, the court 54  
may award restitution in accordance with section 2929.18 of the 55  
Revised Code. 56

**Sec. 1751.02.** (A) Notwithstanding any law in this state to 57  
the contrary, any corporation, as defined in section 1751.01 of 58  
the Revised Code, may apply to the superintendent of insurance for 59  
a certificate of authority to establish and operate a health 60  
insuring corporation. If the corporation applying for a 61  
certificate of authority is a foreign corporation domiciled in a 62  
state without laws similar to those of this chapter, the 63  
corporation must form a domestic corporation to apply for, obtain, 64  
and maintain a certificate of authority under this chapter. 65

(B) No person shall establish, operate, or perform the 66  
services of a health insuring corporation in this state without 67  
obtaining a certificate of authority under this chapter. 68

(C) Except as provided by division (D) of this section, no 69  
political subdivision or department, office, or institution of 70  
this state, or corporation formed by or on behalf of any political 71  
subdivision or department, office, or institution of this state, 72  
shall establish, operate, or perform the services of a health 73

insuring corporation. Nothing in this section shall be construed 74  
to preclude a board of county commissioners, a county board of 75  
mental retardation and developmental disabilities, an alcohol and 76  
drug addiction services board, a board of alcohol, drug addiction, 77  
and mental health services, or a community mental health board, or 78  
a public entity formed by or on behalf of any of these boards, 79  
from using managed care techniques in carrying out the board's or 80  
public entity's duties pursuant to the requirements of Chapters 81  
307., 329., 340., and 5126. of the Revised Code. However, no such 82  
board or public entity may operate so as to compete in the private 83  
sector with health insuring corporations holding certificates of 84  
authority under this chapter. 85

(D) A corporation formed by or on behalf of a publicly owned, 86  
operated, or funded hospital or health care facility may apply to 87  
the superintendent for a certificate of authority under division 88  
(A) of this section to establish and operate a health insuring 89  
corporation. 90

(E) A health insuring corporation shall operate in this state 91  
in compliance with this chapter and Chapter 1753. of the Revised 92  
Code, and with sections 3702.51 to 3702.62 of the Revised Code, 93  
and shall operate in conformity with its filings with the 94  
superintendent under this chapter, including filings made pursuant 95  
to sections 1751.03, 1751.11, 1751.12, and 1751.31 of the Revised 96  
Code. 97

(F) An insurer licensed under Title XXXIX of the Revised Code 98  
need not obtain a certificate of authority as a health insuring 99  
corporation to offer an open panel plan as long as the providers 100  
and health care facilities participating in the open panel plan 101  
receive their compensation directly from the insurer. If the 102  
providers and health care facilities participating in the open 103  
panel plan receive their compensation from any person other than 104  
the insurer, or if the insurer offers a closed panel plan, the 105

insurer must obtain a certificate of authority as a health 106  
insuring corporation. 107

(G) An intermediary organization need not obtain a 108  
certificate of authority as a health insuring corporation, 109  
regardless of the method of reimbursement to the intermediary 110  
organization, as long as a health insuring corporation or a 111  
self-insured employer maintains the ultimate responsibility to 112  
assure delivery of all health care services required by the 113  
contract between the health insuring corporation and the 114  
subscriber and the laws of this state or between the self-insured 115  
employer and its employees. 116

Nothing in this section shall be construed to require any 117  
health care facility, provider, health delivery network, or 118  
intermediary organization that contracts with a health insuring 119  
corporation or self-insured employer, regardless of the method of 120  
reimbursement to the health care facility, provider, health 121  
delivery network, or intermediary organization, to obtain a 122  
certificate of authority as a health insuring corporation under 123  
this chapter, unless otherwise provided, in the case of contracts 124  
with a self-insured employer, by operation of the "Employee 125  
Retirement Income Security Act of 1974," 88 Stat. 829, 29 U.S.C.A. 126  
1001, as amended. 127

(H) Any health delivery network doing business in this state, 128  
including any health delivery network that is functioning as an 129  
intermediary organization doing business in this state, that is 130  
not required to obtain a certificate of authority under this 131  
chapter shall certify to the superintendent annually, not later 132  
than the first day of July, and shall provide a statement signed 133  
by the highest ranking official which includes the following 134  
information: 135

(1) The health delivery network's full name and the address 136  
of its principal place of business; 137

(2) A statement that the health delivery network is not 138  
required to obtain a certificate of authority under this chapter 139  
to conduct its business. 140

(I) The superintendent shall not issue a certificate of 141  
authority to a health insuring corporation that is a provider 142  
sponsored organization unless all health care plans to be offered 143  
by the health insuring corporation provide basic health care 144  
services. Substantially all of the physicians and hospitals with 145  
ownership or control of the provider sponsored organization, as 146  
defined in division (X) of section 1751.01 of the Revised Code, 147  
shall also be participating providers for the provision of basic 148  
health care services for health care plans offered by the provider 149  
sponsored organization. If a health insuring corporation that is a 150  
provider sponsored organization offers health care plans that do 151  
not provide basic health care services, the health insuring 152  
corporation shall be deemed, for purposes of section 1751.35 of 153  
the Revised Code, to have failed to substantially comply with this 154  
chapter. 155

Except as specifically provided in this division and in 156  
division ~~(C)~~(A) of section 1751.28 of the Revised Code, the 157  
provisions of this chapter shall apply to all health insuring 158  
corporations that are provider sponsored organizations in the same 159  
manner that these provisions apply to all health insuring 160  
corporations that are not provider sponsored organizations. 161

(J) Nothing in this section shall be construed to apply to 162  
any multiple employer welfare arrangement operating pursuant to 163  
Chapter 1739. of the Revised Code. 164

(K) Any person who violates division (B) of this section, and 165  
any health delivery network that fails to comply with division (H) 166  
of this section, is subject to the penalties set forth in section 167  
1751.45 of the Revised Code. 168

<del>Sec. 1751.28. (A) As used in this section:</del>	169
<del>(1) "Admitted assets" includes the investments authorized by</del>	170
<del>section 1751.25 of the Revised Code, and, in addition to these</del>	171
<del>investments, only the following:</del>	172
<del>(a) Petty cash and other cash funds that are in the health</del>	173
<del>insuring corporation's principal office or any official branch</del>	174
<del>office and that are under the control of the corporation;</del>	175
<del>(b) Immediately withdrawable funds on deposit in demand</del>	176
<del>accounts in a bank or trust company, or similar funds that are</del>	177
<del>actually in the health insuring corporation's principal office or</del>	178
<del>any official branch office at statement date and that are in</del>	179
<del>transit to the bank or trust company with authentic deposit credit</del>	180
<del>given prior to the close of business on the fifth bank business</del>	181
<del>day following the statement date;</del>	182
<del>(c) The amount fairly estimated as recoverable on cash</del>	183
<del>deposited in a bank or trust company the operations of which have</del>	184
<del>been suspended or for which a receiver has been appointed, if</del>	185
<del>qualifying under this section prior to the suspension of</del>	186
<del>operations of or the appointment of a receiver for the bank or</del>	187
<del>trust company;</del>	188
<del>(d) Bills and accounts receivable collateralized by</del>	189
<del>securities of the kind in which the health insuring corporation</del>	190
<del>may invest;</del>	191
<del>(e) Premiums receivable from groups or individuals that are</del>	192
<del>not more than ninety days past due;</del>	193
<del>(f) Accounts receivable that are not more than ninety days</del>	194
<del>past due;</del>	195
<del>(g) Amounts due under reinsurance arrangements from insurance</del>	196
<del>companies authorized to do business in this state;</del>	197

<del>(h) Tax refunds due from the United States or any state;</del>	198
<del>(i) The interest accrued on mortgage loans that conform to section 3925.08 of the Revised Code, not exceeding on an individual loan an aggregate amount of one year's total due and accrued interest;</del>	199 200 201 202
<del>(j) The rents accrued and owing to the health insuring corporation on real and personal property, directly or beneficially owned, not exceeding on each individual property the amount of one year's total due and accrued rent;</del>	203 204 205 206
<del>(k) Interest or rents accrued on conditional sales agreements, security interests, chattel mortgages, and real or personal property under lease to other corporations, that conform to section 3925.08 of the Revised Code, not exceeding on any individual investment the amount of one year's total due and accrued interest or rent;</del>	207 208 209 210 211 212
<del>(l) The fixed and required interest due and accrued on bonds and other similar evidences of indebtedness, that conform to section 3925.08 of the Revised Code, and not in default;</del>	213 214 215
<del>(m) Dividends receivable on shares of stock that conform to section 3925.08 of the Revised Code, provided that the market price taken for valuation purposes does not include the value of the dividend;</del>	216 217 218 219
<del>(n) The interest or dividends due and payable, but not credited, on deposits in banks and trust companies or on accounts with savings and loan associations;</del>	220 221 222
<del>(o) Interest accrued on secured loans that conform to section 3925.08 of the Revised Code, not exceeding the amount of one year's interest on any loan;</del>	223 224 225
<del>(p) Interest accrued on tax anticipation warrants;</del>	226
<del>(q) The amortized value of electronic computer or data</del>	227

~~processing machines or systems purchased for use in connection 228  
with the business of the health insuring corporation, including 229  
software purchased and developed specifically for the use and 230  
purposes of the corporation; 231~~

~~(r) The cost of furniture, equipment, and medical equipment, 232  
less accumulated depreciation on the furniture and equipment to be 233  
applied pro rata over a period not to exceed five years, and of 234  
medical and pharmaceutical supplies, that are under the control of 235  
the health insuring corporation, provided these assets do not 236  
exceed fifteen per cent of admitted assets; 237~~

~~(s) Amounts due from affiliates to the extent that the 238  
affiliate has liquid assets with which to pay the balance and 239  
maintain its accounts on a current basis. Any amount outstanding 240  
more than three months shall be considered not current. 241~~

~~(2) "Liabilities" means the liabilities of the health 242  
insuring corporation as determined by the superintendent of 243  
insurance. 244~~

~~(B) All admitted assets of a health insuring corporation must 245  
be held in the health insuring corporation's name and must be free 246  
and clear of any encumbrances, pledges, or hypothecation. 247~~

~~(C)(1) Every health insuring corporation authorized to 248  
provide basic health care services, which health insuring 249  
corporation is not a provider sponsored organization, shall 250  
maintain total admitted assets equal to at least one hundred ten 251  
per cent of the liabilities of the corporation. However, at no 252  
time shall the corporation's net worth be less than one million 253  
two hundred thousand dollars. 254~~

~~(2) Every health insuring corporation authorized to provide 255  
only supplemental health care services shall maintain total 256  
admitted assets equal to at least one hundred ten per cent of the 257  
liabilities of the corporation. However, at no time shall the 258~~

corporation's net worth be less than five hundred thousand 259  
dollars. 260

(3) Every health insuring corporation authorized to provide 261  
only specialty health care services shall maintain total admitted 262  
assets equal to at least one hundred ten per cent of the 263  
liabilities of the corporation. However, at no time shall the 264  
corporation's net worth be less than two hundred fifty thousand 265  
dollars. 266

(4) Every health insuring corporation authorized to provide 267  
both basic health care services and supplemental health care 268  
services, which health insuring corporation is not a provider 269  
sponsored organization, shall maintain total admitted assets equal 270  
to at least one hundred ten per cent of the liabilities of the 271  
corporation. However, at no time shall the corporation's net worth 272  
be less than one million seven hundred thousand dollars. 273

(5) Every health insuring corporation authorized to provide 274  
both basic health care services and specialty health care 275  
services, which health insuring corporation is not a provider 276  
sponsored organization, shall maintain total admitted assets equal 277  
to at least one hundred ten per cent of the liabilities of the 278  
corporation. However, at no time shall the corporation's net worth 279  
be less than one million four hundred fifty thousand dollars. 280

(6) Every health insuring corporation authorized to provide 281  
basic health care services, which health insuring corporation is a 282  
provider sponsored organization, shall maintain total admitted 283  
assets equal to at least one hundred ten per cent of the 284  
liabilities of the corporation. However, at no time shall the 285  
corporation's net worth be less than one million dollars. 286

(7) Every health insuring corporation authorized to provide 287  
both basic health care services and supplemental health care 288  
services, which health insuring corporation is a provider 289

sponsored organization, shall maintain total admitted assets equal 290  
to at least one hundred ten per cent of the liabilities of the 291  
corporation. However, at no time shall the corporation's net worth 292  
be less than one million five hundred thousand dollars. 293

(8) Every health insuring corporation authorized to provide 294  
both basic health care services and specialty health care 295  
services, which health insuring corporation is a provider 296  
sponsored organization, shall maintain total admitted assets equal 297  
to at least one hundred ten per cent of the liabilities of the 298  
corporation. However, at no time shall the corporation's net worth 299  
be less than one million two hundred fifty thousand dollars. 300

~~(D) The admitted value of any real estate owned by a health 301  
insuring corporation, whether used for the accommodation of the 302  
health insuring corporation's business operations or otherwise, 303  
shall be the original cost plus the cost of improvements, less 304  
encumbrances and accumulated depreciation. 305~~

~~(E)(B) The net worth otherwise required by this section shall 306  
be reduced by an amount representing credit given to reserve 307  
liabilities when a health insuring corporation carries reinsurance 308  
with an admitted reinsurer. However, such an amount shall not 309  
affect the minimum amounts set forth in this section and section 310  
1751.27 of the Revised Code. 311~~

(C) A health insuring corporation may only consider those 312  
admitted assets in connection with this section that are 313  
consistent with the forms, instructions, and manuals for the 314  
preparation and reporting of statutory financial statements and 315  
other financial information set forth in section 1751.47 of the 316  
Revised Code and any rules adopted under that section. 317

(D) All health insuring corporations must comply with this 318  
section, as amended, for calendar year 2004 and each calendar year 319  
thereafter. 320

**Sec. 3901.78.** Upon the filing of each of its annual 321  
statements, or as soon thereafter as practicable, the 322  
superintendent of insurance shall issue to each insurance company 323  
or association authorized to do business in this state but not 324  
incorporated under the laws of this state a certificate ~~that it~~ 325  
~~has complied with the laws of this state.~~ Such certificate of 326  
~~compliance shall also contain a statement of the amounts of the~~ 327  
~~paid up capital stock, assets, liabilities, income, and~~ 328  
~~expenditures of the company or association for the preceding year,~~ 329  
~~as shown by its annual statement for that year. The superintendent~~ 330  
~~shall issue to each newly applying company or association that the~~ 331  
~~superintendent finds should be authorized to do business in this~~ 332  
~~state, a certificate that it has complied with the laws of this~~ 333  
~~state, which certificate shall contain a statement of the amounts~~ 334  
~~of its paid up capital stock, assets, liabilities, income, and~~ 335  
~~expenditures as shown by a financial statement submitted by it,~~ 336  
~~under the oath of its officers. of compliance, an original of~~ 337  
which must be published in accordance with section 3901.781 of the 338  
Revised Code in every county where the insurance company or 339  
association has an agency. Upon request or in any other 340  
circumstance that the superintendent determines to be appropriate, 341  
the superintendent may issue other certificates of compliance, 342  
which certificates are not subject to section 3901.781 of the 343  
Revised Code, to insurance companies and associations authorized 344  
to do business in this state. Certificates of compliance either 345  
must be on forms established by the national association of 346  
insurance commissioners or on such other forms as the 347  
superintendent may prescribe. 348

**Sec. 3905.14.** (A) As used in sections 3905.14 to 3905.16 of 349  
the Revised Code: 350

(1) "Insurance agent" includes a limited lines insurance 351

agent, surety bail bond agent, and surplus line broker.	352
(2) "Refusal to issue or renew" means the decision of the superintendent of insurance not to process either the initial application for a license as an agent or the renewal of such a license.	353 354 355 356
(3) "Revocation" means the permanent termination of all authority to hold any license as an agent in this state.	357 358
(4) "Surrender for cause" means the voluntary termination of all authority to hold any license as an agent in this state, in lieu of a revocation or suspension order.	359 360 361
(5) "Suspension" means the termination of all authority to hold any license as an agent in this state, for either a specified period of time or an indefinite period of time and under any terms or conditions determined by the superintendent.	362 363 364 365
(B) The superintendent may suspend, revoke, or refuse to issue or renew any license of an insurance agent, assess a civil penalty, or impose any other sanction or sanctions authorized under this chapter, for one or more of the following reasons:	366 367 368 369
(1) Providing incorrect, misleading, incomplete, or materially untrue information in a license or appointment application;	370 371 372
(2) Violating or failing to comply with any insurance law, rule, subpoena, consent agreement, or order of the superintendent or of the insurance authority of another state;	373 374 375
(3) Obtaining or attempting to obtain a license through misrepresentation or fraud;	376 377
(4) Improperly withholding, misappropriating, or converting any money or property received in the course of doing insurance business;	378 379 380
(5) Intentionally misrepresenting the terms, benefits, value,	381

cost, or effective dates of any actual or proposed insurance	382
contract or application for insurance;	383
(6) Having been convicted of a felony;	384
(7) Having been convicted of a misdemeanor that involves the	385
misuse or theft of money or property belonging to another, fraud,	386
forgery, dishonest acts, or breach of a fiduciary duty, that is	387
based on any act or omission relating to the business of	388
insurance, securities, or financial services, or that involves	389
moral turpitude;	390
(8) Having admitted to committing, or having been found to	391
have committed, any insurance unfair trade act or practice or	392
insurance fraud;	393
(9) Using fraudulent, coercive, or dishonest practices, or	394
demonstrating incompetence, untrustworthiness, or financial	395
irresponsibility, in the conduct of business in this state or	396
elsewhere;	397
(10) Having an insurance agent license, or its equivalent,	398
denied, suspended, or revoked in any other state, province,	399
district, or territory;	400
(11) Forging or causing the forgery of an application for	401
insurance or any document related to or used in an insurance	402
transaction;	403
(12) Improperly using notes or any other reference material	404
to complete an examination for an insurance agent license;	405
(13) Knowingly accepting insurance business from an	406
individual who is not licensed;	407
(14) Failing to comply with any administrative or court order	408
directing payment of state income tax;	409
(15) Failing to timely submit an application for insurance.	410
For purposes of division (B)(15) of this section, a submission is	411

considered timely if it occurs within the time period expressly 412  
provided for by the insurer, or within seven days after the 413  
insurance agent accepts a premium or an order to bind coverage 414  
from a policyholder or applicant for insurance, whichever is 415  
later. 416

(16) Failing to disclose to an applicant for insurance or 417  
policyholder upon accepting a premium or an order to bind coverage 418  
from the applicant or policyholder, that the person has not been 419  
appointed by the insurer; 420

(17) Having any professional license suspended or revoked as 421  
a result of a mishandling of funds or breach of fiduciary 422  
responsibilities or having been subject to a cease and desist 423  
order or permanent injunction for unlicensed activities; 424

(18) Causing or permitting a policyholder or applicant for 425  
insurance to designate the insurance agent or the insurance 426  
agent's spouse, parent, child, or sibling as the beneficiary of a 427  
policy or annuity sold by the insurance agent, unless the 428  
insurance agent or a relative of the insurance agent is the 429  
insured or applicant; 430

(19) Failing to provide a written response to the department 431  
of insurance within twenty-one calendar days after receipt of any 432  
written inquiry from the department, unless a reasonable extension 433  
of time has been requested of, and granted by, the superintendent; 434

(20) Transferring or placing insurance with an insurer other 435  
than the insurer expressly chosen by the applicant for insurance 436  
or policyholder without the consent of the applicant or 437  
policyholder or absent extenuating circumstances; 438

(21) Failing to inform a policyholder or applicant for 439  
insurance of the identity of the insurer or insurers, or the 440  
identity of any other insurance agent or licensee known to be 441  
involved in procuring, placing, or continuing the insurance for 442

the policyholder or applicant, upon the binding of the coverage; 443

(22) In the case of an agent that is a business entity, 444  
failing to report an individual licensee's violation to the 445  
department when the violation was known or should have been known 446  
by one or more of the partners, officers, managers, or members of 447  
the business entity; 448

(23) Submitting or using a document in the conduct of the 449  
business of insurance when the person knew or should have known 450  
that the document contained the forged signature of another 451  
person; 452

(24) Misrepresenting the person's qualifications or using in 453  
any way a professional designation that has not been conferred 454  
upon the person by the appropriate accrediting organization; 455

(25) Obtaining a premium loan or causing a premium loan to be 456  
made to or in the name of an insured without that person's 457  
knowledge and written authorization; 458

(26) Using paper, software, or any other materials of or 459  
provided by an insurer after the insurer has terminated the 460  
authority of the licensee, if the use of such materials would 461  
cause a reasonable person to believe that the licensee was acting 462  
on behalf of or otherwise representing the insurer; 463

(27) Soliciting, procuring an application for, or placing, 464  
either directly or indirectly, any insurance policy when the 465  
person is not authorized under this chapter to engage in such 466  
activity; 467

(28) Soliciting, marketing, or selling any product or service 468  
that offers benefits similar to insurance but is not regulated by 469  
the superintendent, without fully disclosing to the prospective 470  
purchaser that the product or service is not insurance and is not 471  
regulated by the superintendent; 472

(29) Failing to fulfill a refund obligation to a policyholder 473  
or applicant in a timely manner. For purposes of division (B)(29) 474  
of this section, a rebuttable presumption exists that a refund 475  
obligation is not fulfilled in a timely manner unless it is 476  
fulfilled within one of the following time periods: 477

(a) Thirty days after the date the policyholder, applicant, 478  
or insurer takes or requests action resulting in a refund; 479

(b) Thirty days after the date of the insurer's refund check, 480  
if the agent is expected to issue a portion of the total refund; 481

(c) Forty-five days after the date of the agent's statement 482  
of account on which the refund first appears. 483

The presumption may be rebutted by proof that the 484  
policyholder or applicant consented to the delay or agreed to 485  
permit the agent to apply the refund to amounts due for other 486  
coverages. 487

(30) With respect to a surety bail bond agent license, 488  
rebating or offering to rebate, or unlawfully dividing or offering 489  
to divide, any commission; 490

(31) Using a license for the principal purpose of procuring, 491  
receiving, or forwarding applications for insurance of any kind, 492  
other than life, or soliciting, placing, or effecting such 493  
insurance directly or indirectly upon or in connection with the 494  
property of the licensee or that of relatives, employers, 495  
employees, or that for which they or the licensee is an agent, 496  
custodian, vendor, bailee, trustee, or payee; 497

(32) In the case of an insurance agent that is a business 498  
entity, using a life license for the principal purpose of 499  
soliciting or placing insurance on the lives of the business 500  
entity's officers, employees, or shareholders, or on the lives of 501  
relatives of such officers, employees, or shareholders, or on the 502

lives of persons for whom they, their relatives, or the business 503  
entity is agent, custodian, vendor, bailee, trustee, or payee; 504

(33) Offering ~~within this state, in person or by~~ 505  
~~advertisement, poster, letter, circular, or otherwise, to sell,~~ 506  
~~procure, or obtain, selling, soliciting, or negotiating~~ policies, 507  
contracts, agreements, or applications for life insurance, or 508  
annuities providing fixed, variable, or fixed and variable 509  
benefits, or contractual payments, ~~or any form of sickness and~~ 510  
~~accident insurance~~, for or on behalf of any life insurance 511  
~~corporation, association, or organization, or mutual protective or~~ 512  
~~mutual benefit association or organization, insurer or multiple~~ 513  
employer welfare arrangement not authorized to transact business 514  
in this state, or for or on behalf of any spurious, fictitious, 515  
nonexistent, dissolved, inactive, liquidated or liquidating, or 516  
~~bankrupt life insurance corporation, association, or organization,~~ 517  
~~or mutual protective or mutual benefit association or organization~~ 518  
insurer or multiple employer welfare arrangement. 519

(C) Before denying, revoking, suspending, or refusing to 520  
issue any license or imposing any penalty under this section, the 521  
superintendent shall provide the licensee or applicant with notice 522  
and an opportunity for hearing as provided in Chapter 119. of the 523  
Revised Code, except as follows: 524

(1)(a) Any notice of opportunity for hearing, the hearing 525  
officer's findings and recommendations, or the superintendent's 526  
order shall be served by certified mail at the last known address 527  
of the licensee or applicant. Service shall be evidenced by return 528  
receipt signed by any person. 529

For purposes of this section, the "last known address" is the 530  
residential address of a licensee or applicant, or the 531  
principal-place-of-business address of a business entity, that is 532  
contained in the licensing records of the department. 533

(b) If the certified mail envelope is returned with an endorsement showing that service was refused, or that the envelope was unclaimed, the notice and all subsequent notices required by Chapter 119. of the Revised Code may be served by ordinary mail to the last known address of the licensee or applicant. The mailing shall be evidenced by a certificate of mailing. Service is deemed complete as of the date of such certificate provided that the ordinary mail envelope is not returned by the postal authorities with an endorsement showing failure of delivery. The time period in which to request a hearing, as provided in Chapter 119. of the Revised Code, begins to run on the date of mailing.

(c) If service by ordinary mail fails, the superintendent may cause a summary of the substantive provisions of the notice to be published once a week for three consecutive weeks in a newspaper of general circulation in the county where the last known place of residence or business of the party is located. The notice is considered served on the date of the third publication.

(d) Any notice required to be served under Chapter 119. of the Revised Code shall also be served upon the party's attorney by ordinary mail if the attorney has entered an appearance in the matter.

(e) The superintendent may, at any time, perfect service on a party by personal delivery of the notice by an employee of the department.

(f) Notices regarding the scheduling of hearings and all other matters not described in division (C)(1)(a) of this section shall be sent by ordinary mail to the party and to the party's attorney.

(2) Any subpoena for the appearance of a witness or the production of documents or other evidence at a hearing, or for the purpose of taking testimony for use at a hearing, shall be served

by certified mail, return receipt requested, by an attorney or by 565  
an employee of the department designated by the superintendent. 566  
Such subpoenas shall be enforced in the manner provided in section 567  
119.09 of the Revised Code. Nothing in this section shall be 568  
construed as limiting the superintendent's other statutory powers 569  
to issue subpoenas. 570

(D) If the superintendent determines that a violation 571  
described in this section has occurred, the superintendent may 572  
take one or more of the following actions: 573

(1) Assess a civil penalty in an amount not exceeding 574  
twenty-five thousand dollars per violation; 575

(2) Assess administrative costs to cover the expenses 576  
incurred by the department in the administrative action, including 577  
costs incurred in the investigation and hearing processes. Any 578  
costs collected shall be paid into the state treasury to the 579  
credit of the department of insurance operating fund created in 580  
section 3901.021 of the Revised Code. 581

(3) Suspend all of the person's licenses for all lines of 582  
insurance for either a specified period of time or an indefinite 583  
period of time and under such terms and conditions as the 584  
superintendent may determine; 585

(4) Permanently revoke all of the person's licenses for all 586  
lines of insurance; 587

(5) Refuse to issue a license; 588

(6) Refuse to renew a license; 589

(7) Prohibit the person from being employed in any capacity 590  
in the business of insurance and from having any financial 591  
interest in any insurance agency, company, surety bail bond 592  
business, or third-party administrator in this state. The 593  
superintendent may, in the superintendent's discretion, determine 594

the nature, conditions, and duration of such restrictions. 595

(8) Order corrective actions in lieu of or in addition to the 596  
other penalties listed in division (D) of this section. Such an 597  
order may provide for the suspension of civil penalties, license 598  
revocation, license suspension, or refusal to issue or renew a 599  
license if the licensee complies with the terms and conditions of 600  
the corrective action order. 601

(9) Accept a surrender for cause offered by the licensee, 602  
which shall be for at least five years and shall prohibit the 603  
licensee from seeking any license authorized under this chapter 604  
during that time period. A surrender for cause shall be in lieu of 605  
revocation or suspension and may include a corrective action order 606  
as provided in division (D)(8) of this section. 607

(E) The superintendent may consider the following factors in 608  
denying a license, imposing suspensions, revocations, fines, or 609  
other penalties, and issuing orders under this section: 610

(1) Whether the person acted in good faith; 611

(2) Whether the person made restitution for any pecuniary 612  
losses suffered by other persons as a result of the person's 613  
actions; 614

(3) The actual harm or potential for harm to others; 615

(4) The degree of trust placed in the person by, and the 616  
vulnerability of, persons who were or could have been adversely 617  
affected by the person's actions; 618

(5) Whether the person was the subject of any previous 619  
administrative actions by the superintendent; 620

(6) The number of individuals adversely affected by the 621  
person's acts or omissions; 622

(7) Whether the person voluntarily reported the violation, 623  
and the extent of the person's cooperation and acceptance of 624

responsibility;	625
(8) Whether the person obstructed or impeded, or attempted to obstruct or impede, the superintendent's investigation;	626
(9) The person's efforts to conceal the misconduct;	628
(10) Remedial efforts to prevent future violations;	629
(11) If the person was convicted of a criminal offense, the nature of the offense, whether the conviction was based on acts or omissions taken under any professional license, whether the offense involved the breach of a fiduciary duty, the amount of time that has passed, and the person's activities subsequent to the conviction;	630
(12) Such other factors as the superintendent determines to be appropriate under the circumstances.	631
(F)(1) A violation described in division (B)(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (16), (17), (18), (20), (21), (22), (23), (24), (25), (26), (27), (28), (29), (30), (31), (32), or (33) of this section is a class A offense for which the superintendent may impose any penalty set forth in division (D) of this section.	632
(2) A violation described in division (B)(15) or (19) of this section, or a failure to comply with section 3905.061, 3905.071, or 3905.22 of the Revised Code, is a class B offense for which the superintendent may impose any penalty set forth in division (D)(1), (2), (8), or (9) of this section.	633
<u>(3) If the superintendent determines that a violation described in division (B)(33) of this section has occurred, the superintendent shall impose a minimum of a two-year suspension on all of the person's licenses for all lines of insurance.</u>	634
(G) If a violation described in this section has caused, is causing, or is about to cause substantial and material harm, the	635
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superintendent may issue an order requiring that person to cease 655  
and desist from engaging in the violation. Notice of the order 656  
shall be mailed by certified mail, return receipt requested, or 657  
served in any other manner provided for in this section, 658  
immediately after its issuance to the person subject to the order 659  
and to all persons known to be involved in the violation. The 660  
superintendent may thereafter publicize or otherwise make known to 661  
all interested parties that the order has been issued. 662

The notice shall specify the particular act, omission, 663  
practice, or transaction that is subject to the cease-and-desist 664  
order and shall set a date, not more than fifteen days after the 665  
date of the order, for a hearing on the continuation or revocation 666  
of the order. The person shall comply with the order immediately 667  
upon receipt of notice of the order. 668

The superintendent may, upon the application of a party and 669  
for good cause shown, continue the hearing. Chapter 119. of the 670  
Revised Code applies to such hearings to the extent that that 671  
chapter does not conflict with the procedures set forth in this 672  
section. The superintendent shall, within fifteen days after 673  
objections are submitted to the hearing officer's report and 674  
recommendation, issue a final order either confirming or revoking 675  
the cease-and-desist order. The final order may be appealed as 676  
provided under section 119.12 of the Revised Code. 677

The remedy under this division is cumulative and concurrent 678  
with the other remedies available under this section. 679

(H) If the superintendent has reasonable cause to believe 680  
that an order issued under this section has been violated in whole 681  
or in part, the superintendent may request the attorney general to 682  
commence and prosecute any appropriate action or proceeding in the 683  
name of the state against such person. 684

The court may, in an action brought pursuant to this 685

division, impose any of the following:	686
(1) For each violation, a civil penalty of not more than twenty-five thousand dollars;	687 688
(2) Injunctive relief;	689
(3) Restitution;	690
(4) Any other appropriate relief.	691
(I) With respect to a surety bail bond agent license:	692
(1) Upon the suspension or revocation of a license, or the eligibility of a surety bail bond agent to hold a license, the superintendent likewise may suspend or revoke the license or eligibility of any surety bail bond agent who is employed by or associated with that agent and who knowingly was a party to the act that resulted in the suspension or revocation.	693 694 695 696 697 698
(2) The superintendent may revoke a license as a surety bail bond agent if the licensee is adjudged bankrupt.	699 700
(J) Nothing in this section shall be construed to create or imply a private cause of action against an agent or insurer.	701 702
<b>Sec. 3917.01.</b> (A) Group life insurance is that form of life insurance covering not less than ten employees with or without medical examination, written under a policy issued to the employer, or to a trustee of a trust created by such employer, the premium on which is to be paid by the employer, by the employer and employees jointly, or by such trustee out of funds contributed by the employer or by the employer and employees jointly, and insuring only all of the employer's employees or all of any classes thereof, determined by sex, age, or conditions pertaining to the employment, for amounts of insurance based upon some plan which will preclude individual selection, for the benefit of persons other than the employer; but when the premium is to be paid by the employer and employee jointly and the benefits of the	703 704 705 706 707 708 709 710 711 712 713 714 715

policy are offered to all eligible employees, not less than 716  
seventy-five per cent of such employees may be so insured. Such 717  
group policy may provide that "employees" includes retired 718  
employees of the employer and the officers, managers, employees, 719  
and retired employees of subsidiary or affiliated corporations and 720  
the individual proprietors, partners, employees, and retired 721  
employees of affiliated individuals and firms, when the business 722  
of such subsidiary or affiliated corporations, firms, or 723  
individuals is controlled by the common employer through stock 724  
ownership, contract, or otherwise. This section does not define as 725  
a group the lives covered by a policy issued on more than one life 726  
which provides for payments upon the death of any one or more or 727  
upon the death of each of the lives so insured, and upon which the 728  
premium rates charged are computed on the same basis as used by 729  
the issuing company on single life policies and upon its regular 730  
forms of insurance. 731

(B) As used in sections 3917.01 to 3917.06 of the Revised 732  
Code, the following forms of life insurance are group life 733  
insurance: 734

(1) Life insurance covering the members of one or more 735  
companies, batteries, troops, battalions, divisions, or other 736  
units of the national guard or naval militia of any state, written 737  
under a policy issued to the commanding general of the national 738  
guard or commanding officer of the naval militia, who is the 739  
employer for the purposes of such sections, the premium on which 740  
is to be paid by the members of such units for the benefit of 741  
persons other than the employer; provided that when the benefits 742  
of the policy are offered to all eligible members of a unit of the 743  
national guard or naval militia, not less than seventy-five per 744  
cent of the members of such a unit may be insured; 745

(2) Life insurance covering the members of one or more troops 746

or other units of the state troopers or state police of any state, 747  
written under a policy issued to the commanding officer of the 748  
state troopers or state police who is the employer for the 749  
purposes of such sections, the premium on which is to be paid by 750  
the members of such units for the benefit of persons other than 751  
the employer; provided that when the benefits of the policy are 752  
offered to all eligible members of a unit of the state troopers or 753  
state police, not less than seventy-five per cent of the members 754  
of such a unit may be insured; 755

(3) Life insurance covering the members of any labor union, 756  
written under a policy issued to such union which is the employer 757  
for the purposes of such sections, the premium on which is to be 758  
paid by the union or by the union and its members jointly, and 759  
insuring only all of its members, who are actively engaged in the 760  
same occupation, for amounts of insurance based upon some plan 761  
which will preclude individual selection, for the benefit of 762  
persons other than the union or its officials; provided that in 763  
case the insurance policy is cancellable at the end of any policy 764  
year at the option of the insurance company and that the basis of 765  
premium rates may be changed by the insurance company at the 766  
beginning of any policy year, all members of a labor union may be 767  
insured; and provided that when the premium is to be paid by the 768  
union and its members jointly and the benefits are offered to all 769  
eligible members, not less than seventy-five per cent of such 770  
members may be insured; and provided that when members apply and 771  
pay for additional amounts of insurance, a smaller percentage of 772  
members may be insured for such additional amounts if they pass 773  
satisfactory medical examinations or submit satisfactory evidence 774  
of insurability; 775

(4) Life insurance written under a policy issued to a 776  
creditor, who shall be deemed the policyholder, to insure debtors 777  
of the creditor, subject to the following requirements: 778

(a) The debtors eligible for insurance under the policy shall 779  
be all of the debtors of the creditor, excepting that no debtor is 780  
eligible unless the indebtedness constitutes an obligation to 781  
repay that is binding upon the debtor during the debtor's lifetime 782  
at and from the date the insurance becomes effective upon the 783  
debtor's life. The policy may provide that "debtors" includes the 784  
debtors of one or more subsidiary corporations and the debtors of 785  
one or more affiliated corporations, proprietors, or partnerships 786  
if the business of the policyholder and of such affiliated 787  
corporations, proprietors, or partnerships is under common control 788  
through stock ownership, contract, or otherwise. 789

(b) The premium for the policy shall be paid by the 790  
policyholder, either from the creditor's funds, or from charges 791  
collected from the insured debtors, or from both. A policy on 792  
which part or all of the premium is to be derived from the 793  
collection from the insured debtors of identifiable charges not 794  
required of uninsured debtors shall not include debtors under 795  
obligations outstanding at its date of issue without evidence of 796  
individual insurability unless at least seventy-five per cent of 797  
the then eligible debtors elect to pay the required charges. A 798  
policy on which no part of the premium is to be derived from the 799  
collection of such identifiable charges must insure all eligible 800  
debtors, or all except any as to whom evidence of individual 801  
insurability is not satisfactory to the insurer. 802

(c) The policy may be issued only if the group of eligible 803  
debtors is then receiving new entrants at the rate of at least one 804  
hundred persons yearly, or may reasonably be expected to receive 805  
at least one hundred new entrants during the first policy year, 806  
and continues to receive not less than one hundred new entrants to 807  
the group yearly, and only if the policy reserves to the insurer 808  
the right to require evidence of individual insurability if less 809  
than seventy-five per cent of the new entrants become insured. The 810

policy may exclude from the classes eligible for insurance classes 811  
of debtors determined by age. 812

(d) The amount of insurance on the life of any debtor may be 813  
determined by the age of the debtor based upon a plan which will 814  
preclude individual selection and shall at no time exceed the 815  
amount owed by the debtor that is repayable in installments to the 816  
creditor. 817

(e) The insurance shall be payable to the policyholder. Such 818  
payment shall reduce or extinguish the unpaid indebtedness of the 819  
debtor to the extent of such payment. 820

(5) Life insurance covering the members of any duly organized 821  
corporation or association of veterans or veteran society or 822  
association of the World War veterans, written under a policy 823  
issued to such corporation, association, or society which is the 824  
employer for the purpose of such sections, the premium on which is 825  
to be paid by the corporation, association, society, and its 826  
members jointly, and insuring all of its members who are actively 827  
engaged in any occupation for amounts of insurance based upon some 828  
plan which will preclude individual selection for the benefit of 829  
persons other than the corporation, association, or society or its 830  
officials; provided that when the premium is to be paid by the 831  
corporation, association, or society and its members jointly and 832  
the benefits are offered to all eligible members, not less than 833  
seventy-five per cent of such members may be insured; and provided 834  
that when members apply and pay for additional amounts of 835  
insurance, a smaller percentage of members may be insured for such 836  
additional amounts if they pass satisfactory medical examinations 837  
or submit satisfactory evidence of insurability; 838

(6) Life insurance covering the members of any organization 839  
of agriculturists or horticulturists organized under the 840  
co-operative laws of this state, written under a policy issued to 841  
such co-operative association which is the employer for the 842

purpose of such sections, the premium on which is to be paid by 843  
the association or by the association and its members jointly, and 844  
insuring all of its members who are actively engaged in 845  
agricultural or horticultural pursuits, for an amount of insurance 846  
based upon some plan which will preclude individual selection, and 847  
for the benefit of persons other than the association or its 848  
officials; provided that when the premium is to be paid by the 849  
corporation, association, or society and its members jointly and 850  
the benefits are offered to all eligible members, not less than 851  
seventy-five per cent of such members may be insured; provided 852  
that when members apply and pay for additional amounts of 853  
insurance, a smaller percentage of members may be insured for such 854  
additional amounts if they pass satisfactory medical examinations 855  
or submit satisfactory evidence of insurability; 856

(7) Life insurance covering employees of a political 857  
subdivision or district of this state, or of an educational or 858  
other institution supported in whole or in part by public funds, 859  
or of any classes thereof, determined by conditions pertaining to 860  
employment, or of this state or any department or division 861  
thereof, written under a policy issued to such political 862  
subdivision, district, or institution, or the proper official or 863  
board of this state or of such state department or division 864  
thereof, which is the employer for the purpose of such sections, 865  
the premium on which is to be paid by such employees, unless 866  
otherwise provided by law, charter, or ordinance, for the benefit 867  
of persons other than the employer; provided that when the 868  
benefits of the policy are offered to all eligible employees of a 869  
political subdivision or district of the state or of an 870  
educational or other institution supported in whole, or in part by 871  
public funds, or of this state or a state department or division 872  
thereof, not less than seventy-five per cent of such employees may 873  
be insured; and provided that when employees apply and pay for 874  
additional amounts of insurance, a smaller percentage of employees 875

may be insured for such additional amounts if they pass 876  
satisfactory medical examinations or submit satisfactory evidence 877  
of insurability; and provided that upon acquisition by a political 878  
subdivision of any privately owned property or enterprise, the 879  
employees of which have been covered by a group policy of life or 880  
other insurance as employees of such private employer, such 881  
political subdivision and insurance company may continue such 882  
contract in force upon similar conditions as the last preceding 883  
private employer; 884

(8) Life insurance covering the members, or the members and 885  
the employees of members of any duly organized association, other 886  
than an association subject to any other provision of this 887  
division, written under a policy issued to such association, which 888  
association is the employer for the purpose of such sections, the 889  
premium on which is to be paid by the insured members or their 890  
employees, insuring members and their employees for amounts of 891  
insurance based upon some plan which will preclude individual 892  
selection except as provided in this section, for the benefit of 893  
persons other than the association; provided the association has 894  
been in existence for at least two years immediately preceding the 895  
purchase of the insurance; provided that there must be at least 896  
fifty insured members in any group; and provided that the 897  
association has been organized and is maintained in good faith for 898  
purposes other than that of obtaining insurance; 899

(9) Life insurance issued to trustees of a trust fund 900  
established jointly by one or more employers in the same industry, 901  
on the one hand, and one or more labor unions representing as 902  
bargaining agents employees of such employers, on the other hand, 903  
or by two or more employers in the same industry, or by two or 904  
more labor unions, which trustees shall be deemed the policyholder 905  
to insure employees of the employers or members of unions for the 906  
benefit of persons other than the employers or the unions or the 907

trustees, subject to the following requirements: 908

(a) The persons eligible for such insurance shall be all of 909  
the employees of the employers, or all of the members of the 910  
unions, or all of any class of such employees determined by sex, 911  
age, or conditions pertaining to their employment, or to 912  
membership in the unions, or to any or all of them. The policy may 913  
provide that "employees" includes the retired employees of the 914  
employer and the officers, managers, employees, and retired 915  
employees of subsidiary or affiliated corporations and the 916  
individual proprietors, partners, employees, and retired employees 917  
of affiliated individuals and firms, when the business of such 918  
subsidiary or affiliated corporations, firms, or individuals is 919  
controlled by the common employer through stock ownership, 920  
contract, or otherwise. The policy may provide that "employees" 921  
includes the individual proprietor or partners if the employer is 922  
an individual proprietor or a partnership. The policy may provide 923  
that "employees" includes the trustees or their employees, or 924  
both, if their duties are principally connected with such 925  
trusteeship. 926

(b) The premium for the policy shall be paid by the trustees, 927  
either wholly from funds contributed by the employers of the 928  
insured persons, or partly from such funds and partly from funds 929  
contributed by the insured employees. If part of the premium is to 930  
be derived from funds contributed by the insured employees, then 931  
such policy may be placed in force only if it covers at least 932  
seventy-five per cent of the then eligible employees. A policy on 933  
which no part of the premium is derived from funds contributed by 934  
the insured employees must insure all eligible employees. 935

(c) Any policy must insure at least ten persons at date of 936  
issue. 937

(d) The amounts of insurance under the policy must be based 938  
upon some plan precluding individual selection by the insured 939

persons or the policyholder or the employers or the unions or the 940  
trustees. 941

(10) Life insurance covering the members of a credit union, 942  
which shall be deemed to be the employer for the purposes of this 943  
section, the premium on which is to be paid by the credit union or 944  
by the credit union and its members jointly, and insuring all of 945  
its eligible members for amounts of insurance not in excess of the 946  
share balance as to each member, and for the benefit of persons 947  
other than the credit union or its officers; provided that in the 948  
determination of the eligibility of members there may be 949  
classifications and limitations based upon age; provided also that 950  
when the premium is to be paid by the credit union and its members 951  
jointly and the benefits are offered to all eligible members, not 952  
less than seventy-five per cent of such members may be so insured; 953  
provided also that in obtaining such insurance, the officers of 954  
the credit union shall consider proposals from any licensed 955  
insurer; provided also that members may be required to provide 956  
evidence of insurability satisfactory to the insurer. 957

(11) Life insurance covering the members of any duly 958  
organized corporation or association of members of the Ohio 959  
national guard, the Ohio naval militia, and the Ohio military 960  
reserve, which shall have been in existence for at least two years 961  
immediately preceding the purchase of such insurance, written 962  
under a policy issued to such corporation or association, which 963  
corporation or association is the employer for the purpose of such 964  
sections, the premium on which is to be paid by the insured 965  
members, insuring members for amounts of insurance based upon some 966  
plan which will preclude individual selection, except as provided 967  
in this section, for the benefit of persons other than the 968  
corporation or association, provided that there must be at least 969  
fifty insured members in any group, and provided further that 970  
unless seventy-five per cent of all members or one thousand 971

members, whichever is the lesser number, are insured, each member 972  
must pass a satisfactory medical examination in order to be 973  
insured; and provided that, when members apply and pay for 974  
additional amounts of insurance, they may be insured for such 975  
additional amounts if they pass satisfactory medical examinations 976  
or submit satisfactory evidence of insurability. 977

(12) Life insurance that is written under a policy issued to 978  
a trustee under a trust established by an insurer for the purpose 979  
of providing continued group life insurance coverage to those 980  
former employees, former members, or former members and the 981  
employees of such members, and their spouses and dependent 982  
children, previously covered under policies of group life 983  
insurance issued by the insurer to employers or trustees pursuant 984  
to division (A) of this section, to associations pursuant to 985  
division (B)(8) of this section, or to trustees pursuant to 986  
division (B)(9) of this section, and that is evidenced by the 987  
issuance of a certificate of insurance to such former employees or 988  
members; provided that the amount of the continued life insurance 989  
coverage made available to a former employee or member and to the 990  
employee's or member's spouse and dependents shall not exceed the 991  
amount of the group life insurance coverage previously provided to 992  
the employee or member and the employee's or member's eligible 993  
dependents at the time of the employee's separation from 994  
employment or the member's termination of membership. 995

(13) Life insurance covering the members of a workforce 996  
actively engaged in an occupation for, and performing services on 997  
behalf of, a duly organized corporation, limited liability 998  
company, partnership, proprietor, or similar organization, whose 999  
members are not employees of the organization, written under a 1000  
policy issued to the organization, which organization is the 1001  
members' employer for this purpose, the premium on which is to be 1002  
paid by the organization or by the organization and the members 1003

jointly, insuring members for amounts of insurance based upon some 1004  
plan which will preclude individual selection, for the benefit of 1005  
persons other than the organization; provided, that when the 1006  
premium is to be paid by the organization and its members jointly 1007  
and the benefits are offered to all eligible members, not less 1008  
than seventy-five per cent of the members may be so insured; 1009  
provided also that members may be required to furnish evidence of 1010  
insurability satisfactory to the insurer. Life insurance meeting 1011  
this definition may also cover the organization's employees at the 1012  
option of the organization. 1013

(C) Any policy issued pursuant to this section, except a 1014  
policy issued to a creditor pursuant to division (B)(4) of this 1015  
section, may be extended, in the form of group term life insurance 1016  
only, to insure the spouse and dependent children of an insured 1017  
employee or member, or any class or classes thereof, subject to 1018  
the following requirements: 1019

(1) The premiums for the group term life insurance shall be 1020  
paid by the policyholder, either from the employer, union or 1021  
association funds, or from funds contributed by the employer, 1022  
union, or association, or from funds contributed by the insured 1023  
employee or member, or from both. 1024

(2) The amounts of insurance under the policy must be based 1025  
upon some plan precluding individual selection either by the 1026  
insured employee or member or by the policyholder. 1027

(3) Upon termination of the group term life insurance with 1028  
respect to the spouse of any insured employee or member by reason 1029  
of such person's termination of employment or membership or death, 1030  
the spouse insured pursuant to this section shall have the same 1031  
conversion rights as to the group term life insurance on the 1032  
spouse's life as is provided for the insured employee or member. 1033

(4) Only one certificate need be issued for delivery to an 1034

insured employee or member if a statement concerning any 1035  
dependent's coverage is included in such certificate. 1036

Sec. 3999.18. (A) No person shall establish, operate, or 1037  
maintain any entity that delivers, issues for delivery, or renews 1038  
any policy of sickness and accident insurance or contract for 1039  
health care services in this state if the entity is required to, 1040  
but does not, have a valid certificate of authority under Chapter 1041  
1751. or Title XXXIX of the Revised Code. 1042

(B) No insurance agent, broker, or other person shall 1043  
advertise, solicit, negotiate, collect a premium on, or sell any 1044  
policy of sickness and accident insurance or contract for health 1045  
care services in this state unless the entity that delivers, 1046  
issues for delivery, or renews the policy or contract is subject 1047  
to and has complied with division (A) of this section. 1048

**Sec. 3999.99. (A)** Whoever violates section 3999.02 of the 1049  
Revised Code is guilty of a misdemeanor of the second degree. 1050

(B) Whoever violates section 3999.03, 3999.07, 3999.13, 1051  
3999.14, or 3999.15 of the Revised Code is guilty of a misdemeanor 1052  
of the first degree. 1053

(C) Whoever violates section 3999.04, 3999.05, 3999.08, or 1054  
3999.09 of the Revised Code is guilty of a misdemeanor of the 1055  
fourth degree. 1056

(D) Whoever violates section 3999.10 or 3999.11 of the 1057  
Revised Code shall be fined five hundred dollars for a first 1058  
offense and shall be fined one thousand dollars for each 1059  
subsequent offense. 1060

(E) Whoever violates section 3999.12 of the Revised Code 1061  
shall be fined not less than ten nor more than one thousand 1062  
dollars. 1063

(F) Whoever violates division (F) of section 3999.32, 1064  
division (B) of section 3999.36, or section 3999.37 or 3999.38 of 1065  
the Revised Code is guilty of a felony of the fourth degree. 1066

(G) Whoever violates division (A) of section 3999.18 of the 1067  
Revised Code is guilty of a felony of the fourth degree. 1068

(H) Whoever violates division (B) of section 3999.18 of the 1069  
Revised Code is guilty of a misdemeanor of the first degree on a 1070  
first offense and a felony of the fifth degree on each subsequent 1071  
offense. 1072

(I) If a person is found guilty under this section, the court 1073  
may award restitution in accordance with section 2929.18 of the 1074  
Revised Code. 1075

**Section 2.** That existing sections 1739.02, 1739.99, 1751.02, 1076  
1751.28, 3901.78, 3905.14, 3917.01, and 3999.99 of the Revised 1077  
Code are hereby repealed. 1078