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125th General Assembly

Regular Session

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Sub. S. B. No. 187

**Senators Nein, Robert Gardner, Armbruster, Schuler, Stivers, Mumper,
Padgett, Spada**

**Representatives D. Evans, G. Smith, Faber, Gibbs, Setzer, Martin, Sferra,
Wolpert, Koziura, Daniels, Barrett, Aslanides, Carano, Collier, Domenick,
C. Evans, Flowers, Hughes, Key, Olman, Reidelbach, Seitz, Slaby**

A B I L L

To amend sections 2505.02, 3915.02, 3915.073, 1
3915.14, 3937.25, 3937.26, and 3937.27 and to 2
enact sections 3937.28 and 3937.29 of the Revised 3
Code to adopt a new formula for determining the 4
minimum nonforfeiture value of an individual 5
deferred annuity, to require insurance companies 6
to obtain the Superintendent of Insurance's 7
approval prior to deferring the payment of a cash 8
surrender benefit, to prohibit the delivery or use 9
of an annuity contract and its related 10
endorsements for thirty days after the form of the 11
contract or endorsement is filed with the 12
Superintendent, unless earlier approved by the 13
Superintendent, to allow immediate appeals of 14
final orders of courts pertaining to the 15
constitutionality of provisions of Am. Sub. S.B. 16
281 of the 124th General Assembly, and to 17
differentiate provisions for the cancellation, 18
termination, and nonrenewal of policies of medical 19
malpractice insurance from those provisions 20

regulating other policies of insurance, and to 21
amend the version of section 3915.073 of the 22
Revised Code as results from this act two years 23
after the act's effective date. 24

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

Section 1. That sections 2505.02, 3915.02, 3915.073, 3915.14, 25
3937.25, 3937.26, and 3937.27 be amended and sections 3937.28 and 26
3937.29 of the Revised Code be enacted to read as follows: 27

Sec. 2505.02. (A) As used in this section: 28

(1) "Substantial right" means a right that the United States 29
Constitution, the Ohio Constitution, a statute, the common law, or 30
a rule of procedure entitles a person to enforce or protect. 31

(2) "Special proceeding" means an action or proceeding that 32
is specially created by statute and that prior to 1853 was not 33
denoted as an action at law or a suit in equity. 34

(3) "Provisional remedy" means a proceeding ancillary to an 35
action, including, but not limited to, a proceeding for a 36
preliminary injunction, attachment, discovery of privileged 37
matter, or suppression of evidence. 38

(B) An order is a final order that may be reviewed, affirmed, 39
modified, or reversed, with or without retrial, when it is one of 40
the following: 41

(1) An order that affects a substantial right in an action 42
that in effect determines the action and prevents a judgment; 43

(2) An order that affects a substantial right made in a 44
special proceeding or upon a summary application in an action 45
after judgment; 46

(3) An order that vacates or sets aside a judgment or grants a new trial; 47
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(4) An order that grants or denies a provisional remedy and to which both of the following apply: 49
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(a) The order in effect determines the action with respect to the provisional remedy and prevents a judgment in the action in favor of the appealing party with respect to the provisional remedy. 51
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(b) The appealing party would not be afforded a meaningful or effective remedy by an appeal following final judgment as to all proceedings, issues, claims, and parties in the action. 55
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(5) An order that determines that an action may or may not be maintained as a class action; 58
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(6) An order determining the constitutionality of any changes to the Revised Code made by Am. Sub. S.B. 281 of the 124th general assembly, including the amendment of sections 1751.67, 2117.06, 2305.11, 2305.15, 2305.234, 2317.02, 2317.54, 2323.56, 2711.21, 2711.22, 2711.23, 2711.24, 2743.02, 2743.43, 2919.16, 3923.63, 3923.64, 3929.71, 4705.15, and 5111.018, and the enactment of sections 2305.113, 2323.41, 2323.43, and 2323.55 of the Revised Code. 60
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(C) When a court issues an order that vacates or sets aside a judgment or grants a new trial, the court, upon the request of either party, shall state in the order the grounds upon which the new trial is granted or the judgment vacated or set aside. 68
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(D) This section applies to and governs any action, including an appeal, that is pending in any court on ~~the effective date of this amendment~~ July 22, 1998, and all claims filed or actions commenced on or after ~~the effective date of this amendment~~ July 22, 1998, notwithstanding any provision of any prior statute or 72
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rule of law of this state. 77

Sec. 3915.02. This chapter does not apply to annuities except 78
as provided in sections 3915.051, 3915.073, 3915.14, and 3915.21 79
to 3915.24 of the Revised Code, industrial policies except as 80
provided in sections 3915.07 and 3915.071 of the Revised Code, 81
fraternal benefit societies, corporations or associations 82
operating on the assessment plan, or corporations or associations 83
which have been organized under sections 3919.01 to 3919.19 of the 84
Revised Code, except corporations and associations which, as of 85
September 28, 1933, have amended their articles of incorporation 86
under section 3919.13 of the Revised Code. 87

Sec. 3915.073. (A) This section shall be known as the 88
standard nonforfeiture law for individual deferred annuities. 89

(B) This section does not apply to any reinsurance, group 90
annuity purchased under a retirement plan or plan of deferred 91
compensation established or maintained by an employer, including a 92
partnership or sole proprietorship, or by an employee 93
organization, or by both, other than a plan providing individual 94
retirement accounts or individual retirement annuities under 95
section 408 of the Internal Revenue Code of 1954, 26 U.S.C.A. 408, 96
as amended, premium deposit fund, variable annuity, investment 97
annuity, immediate annuity, any deferred annuity contract after 98
annuity payments have commenced, or reversionary annuity, nor to 99
any contract which is delivered outside this state through an 100
agent or other representative of the company issuing the contract. 101

(C) In the case of contracts issued on or after the operative 102
date of this section as defined in division ~~(L)~~(M) of this 103
section, no contract of annuity, except as stated in division (B) 104
of this section, shall be delivered or issued for delivery in this 105
state unless ~~it~~ the contract contains in substance the following 106

provisions, or corresponding provisions that in the opinion of the 107
superintendent of insurance are at least as favorable to the 108
~~contractholder, upon~~ contract owners, relative to the cessation of 109
payment of consideration under the contract: 110

(1) That upon cessation of payment of considerations under a 111
contract, or upon the written request of the contract owner, the 112
company ~~will~~ shall grant a paid-up annuity benefit on a plan 113
stipulated in the contract of such value as is specified in 114
divisions (E), (F), (G), (H), and (J) of this section; 115

(2) If a contract provides for a lump sum settlement at 116
maturity, or at any other time, that upon surrender of the 117
contract at or prior to the commencement of any annuity payments, 118
the company ~~will~~ shall pay in lieu of any paid-up annuity benefit 119
a cash surrender benefit of such amount as is specified in 120
divisions (E), (F), (H), and (J) of this section. The company 121
~~shall~~ may reserve the right to defer the payment of such cash 122
surrender benefit for a period ~~of~~ not to exceed six months after 123
demand therefor with surrender of the contract. The deferral is 124
contingent upon the company's conveyance of a written request for 125
the deferral to the superintendent and the company's receipt of 126
written approval from the superintendent for the deferral. The 127
request shall address the necessity and equitability to all 128
contract owners of the deferral; 129

(3) A statement of the mortality table, if any, and interest 130
rates used in calculating any minimum paid-up annuity, cash 131
surrender, or death benefits that are guaranteed under the 132
contract, together with sufficient information to determine the 133
amounts of such benefits; 134

(4) A statement that any paid-up annuity, cash surrender, or 135
death benefits that may be available under the contract are not 136
less than the minimum benefits required by any statute of the 137
state in which the contract is delivered and an explanation of the 138

manner in which such benefits are altered by the existence of any 139
additional amounts credited by the company to the contract, any 140
indebtedness to the company on the contract, or any prior 141
withdrawals from or partial surrenders of the contract. 142

Notwithstanding the requirements of this section, any 143
deferred annuity contract may provide that if no considerations 144
have been received under a contract for a period of two full years 145
and the portion of the paid-up annuity benefit at maturity on the 146
plan stipulated in the contract arising from considerations paid 147
prior to such period would be less than twenty dollars monthly, 148
the company may at its option terminate such contract by payment 149
in cash of the then present value of such portion of the paid-up 150
annuity benefit, calculated on the basis of the mortality table, 151
if any, and interest rate specified in the contract for 152
determining the paid-up annuity benefit, and by such payment shall 153
be relieved of any further obligation under such contract. 154

(D) The minimum values as specified in divisions (E), (F), 155
(G), (H), and (J) of this section of any paid-up annuity, cash 156
surrender, or death benefits available under an annuity contract 157
shall be based upon minimum nonforfeiture amounts as defined in 158
divisions (D)(1), (2), and (3) or divisions (D)(4), (5), (6), and 159
(7) of this section. 160

(1) With respect to contracts providing for flexible 161
considerations, the minimum nonforfeiture amount at any time at or 162
prior to the commencement of any annuity payments shall be equal 163
to an accumulation up to such time at a rate of interest of ~~three~~ 164
one and one-half per cent per annum of percentages of the net 165
considerations, as defined in division (D)(1) of this section, 166
paid prior to such time, decreased by the sum of: 167

(a) Any prior withdrawals from or partial surrenders of the 168
contract accumulated at a rate of interest of ~~three~~ one and 169
one-half per cent per annum; ~~and~~ 170

(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:

(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.

(4)(a) 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 rates of interest determined in accordance with division (D)(5) of this section of the net considerations, determined in accordance with division (D)(4)(b) of this section, paid prior to such time, decreased by the sum of:

(i) Any prior withdrawals from or partial surrenders of the contract, accumulated at rates of interest determined in accordance with division (D)(5) of this section;

(ii) An annual contract charge of fifty dollars, accumulated at rates of interest determined in accordance with division (D)(5) of this section;

(iii) Any premium tax paid by the company for the contract, accumulated at rates of interest determined in accordance with division (D)(5) of this section;

(iv) The amount of any indebtedness to the company on the contract, including interest due and accrued. 234
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(b) The net considerations for a given contract year used to define the minimum nonforfeiture amount shall be an amount equal to eighty-seven and one-half per cent of the gross considerations credited to the contract during that contract year. 236
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(5)(a) The interest rate used in determining minimum nonforfeiture amounts under divisions (D)(4) to (D)(7) of this section shall be an annual rate of interest determined as the lesser of three per cent per annum or the following, which shall be specified in the contract if the interest rate will be reset: 240
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(i) The five-year constant maturity treasury rate reported by the federal reserve as of a date or an average over a period, rounded to the nearest one-twentieth of one per cent, specified in the contract, no longer than fifteen months prior to the contract issue date or the redetermination date specified in division (D)(5)(b) of this section; 245
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(ii) Reduced by one hundred twenty-five basis points; 251

(iii) Where the resulting interest rate shall not be less than one per cent. 252
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(b) The interest rate determined under division (D)(5)(a) of this section shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date. 254
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(6) During the period or term that a contract provides substantive participation in an equity-indexed benefit, the contract may provide for an increase in the reduction described in 261
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division (D)(5)(a)(ii) of this section by a maximum of one hundred 264
basis points to reflect the value of the equity-indexed benefit. 265
The present value at the contract issue date, and at each 266
redetermination date thereafter, of the additional reduction shall 267
not exceed the market value of the benefit. The superintendent may 268
require a demonstration that the present value of the additional 269
reduction does not exceed the market value of the benefit. If the 270
demonstration is not acceptable to the superintendent, the 271
superintendent may disallow or limit the additional reduction. 272

(7) The superintendent may adopt rules to implement division 273
(D)(6) of this section and to provide for further adjustments to 274
the calculation of minimum nonforfeiture amounts for contracts 275
that provide substantive participation in an equity-indexed 276
benefit and for other contracts for which the superintendent 277
determines adjustments are justified. 278

(E) Any paid-up annuity benefit available under a contract 279
shall be such that its present value on the date annuity payments 280
are to commence is at least equal to the minimum nonforfeiture 281
amount on that date. Such present value shall be computed using 282
the mortality table, if any, and the interest rate specified in 283
the contract for determining the minimum paid-up annuity benefits 284
guaranteed in the contract. 285

(F) For contracts which provide cash surrender benefits, such 286
cash surrender benefits available prior to maturity shall not be 287
less than the present value as of the date of surrender of that 288
portion of the maturity value of the paid-up annuity benefit that 289
would be provided under the contract at maturity arising from 290
considerations paid prior to the time of cash surrender reduced by 291
the amount appropriate to reflect any prior withdrawals from or 292
partial surrenders of the contract, such present value being 293
calculated on the basis of an interest rate not more than one per 294
cent higher than the interest rate specified in the contract for 295

accumulating the net considerations to determine such maturity 296
value, decreased by the amount of any indebtedness to the company 297
on the contract, including interest due and accrued, and increased 298
by any existing additional amounts credited by the company to the 299
contract. In no event shall any cash surrender benefit be less 300
than the minimum nonforfeiture amount at that time. The death 301
benefit under such contracts shall be at least equal to the cash 302
surrender benefit. 303

(G) For contracts that do not provide cash surrender 304
benefits, the present value of any paid-up annuity benefit 305
available as a nonforfeiture option at any time prior to maturity 306
shall not be less than the present value of that portion of the 307
maturity value of the paid-up annuity benefit provided under the 308
contract arising from considerations paid prior to the time the 309
contract is surrendered in exchange for, or changed to, a deferred 310
paid-up annuity, such present value being calculated for the 311
period prior to the maturity date on the basis of the interest 312
rate specified in the contract for accumulating the net 313
considerations to determine such maturity value, and increased by 314
any existing additional amounts credited by the company to the 315
contract. For contracts that do not provide any death benefits 316
prior to the commencement of any annuity payments, such present 317
values shall be calculated on the basis of such interest rate and 318
the mortality table specified in the contract for determining the 319
maturity value of the paid-up annuity benefit. However, in no 320
event shall the present value of a paid-up annuity benefit be less 321
than the minimum nonforfeiture amount at that time. 322

(H) For the purpose of determining the benefits calculated 323
under divisions (F) and (G) of this section, in the case of 324
annuity contracts under which an election may be made to have 325
annuity payments commence at optional maturity dates, the maturity 326
date shall be deemed to be the latest date for which election 327

shall be permitted by the contract, but shall not be deemed to be 328
later than the anniversary of the contract next following the 329
annuitant's seventieth birthday or the tenth anniversary of the 330
contract, whichever is later. 331

(I) Any contract that does not provide cash surrender 332
benefits or does not provide death benefits at least equal to the 333
minimum nonforfeiture amount prior to the commencement of any 334
annuity payments shall include a statement in a prominent place in 335
the contract that such benefits are not provided. 336

(J) Any paid-up annuity, cash surrender, or death benefits 337
available at any time, other than on the contract anniversary 338
under any contract with fixed scheduled considerations, shall be 339
calculated with allowance for the lapse of time and the payment of 340
any scheduled considerations beyond the beginning of the contract 341
year in which cessation of payment of considerations under the 342
contract occurs. 343

(K) For any contract that provides, within the same contract 344
by rider or supplemental contract provision, both annuity benefits 345
and life insurance benefits that are in excess of the greater of 346
cash surrender benefits or a return of the gross considerations 347
with interest, the minimum nonforfeiture benefit shall be equal to 348
the sum of the minimum nonforfeiture benefits for the annuity 349
portion and the minimum nonforfeiture benefits, if any, for the 350
life insurance portion computed as if each portion were a separate 351
contract. Notwithstanding the provisions of divisions (E), (F), 352
(G), (H), and (J) of this section, additional benefits payable: 353

(1) In the event of total and permanent disability; 354

(2) As reversionary annuity or deferred reversionary annuity 355
benefits; or 356

(3) As other policy benefits additional to life insurance, 357
endowment and annuity benefits, and considerations for all such 358

additional benefits shall be disregarded in ascertaining the 359
minimum nonforfeiture amounts, paid-up annuity, cash surrender, 360
and death benefits that may be required by this section. 361

The inclusion of such additional benefits shall not be 362
required in any paid-up benefits, unless such additional benefits 363
separately would require minimum nonforfeiture amounts, paid-up 364
annuity, cash surrender, and death benefits. 365

~~(L) Any company may file with the superintendent a written 366
notice of its election to comply with the provisions of this 367
section on or before July 1, 1980. The date specified in the 368
notice shall be the operative date of this section for such 369
company. If a company makes no such election, the operative date 370
of this section for the company shall be July 1, 1980. The 371
superintendent may adopt rules in accordance with Chapter 119. of 372
the Revised Code to implement this section. 373~~

(M) Before the second anniversary of the effective date of 374
this amendment, a company may elect to apply this section to 375
annuity contracts on a contract-form-by-contract-form basis by 376
using either divisions (D)(1), (2), and (3) or divisions (D)(4), 377
(5), (6), and (7) of this section. Divisions (D)(1), (2), and (3) 378
of this section shall be repealed on the second anniversary date 379
of the effective date of this amendment. 380

Sec. 3915.14. (A) No policy of life insurance, nor any 381
indorsement, rider, or application which becomes or is designed to 382
become a part of any such policy, shall be delivered, issued for 383
delivery, or used in this state, or be issued by a life insurance 384
company organized under the laws of this state, until thirty days 385
after the form of said policy, indorsement, rider, or application 386
has been filed with the superintendent of insurance, unless within 387
~~such~~ that time the superintendent gives the ~~insurer~~ insurance 388
company written approval for the use of ~~such~~ the form. ~~When~~ 389

(B) No individual or group annuity policy or contract, 390
including, but not limited to, a guaranteed investment contract, 391
deposit administration contract, funding agreement, structured 392
settlement agreement, or similar types, excluding those required 393
to be filed with the superintendent pursuant to section 3911.011 394
of the Revised Code, and no certificate, endorsement, rider, or 395
application which becomes or is designed to become a part of any 396
such policy, contract, or agreement, shall be delivered, issued 397
for delivery, or used in this state, or be issued by a life 398
insurance company organized under the laws of this state, until 399
thirty days after the form of said policy, contract, agreement, 400
certificate, endorsement, rider, or application has been filed 401
with the superintendent, unless within that time the 402
superintendent gives the insurance company written approval for 403
the use of the form. 404

(C) When the superintendent finds within such thirty-day 405
period that the form filed contains any language ~~which~~ that is 406
prohibited by any law of this state, including any rule of the 407
superintendent, or is inconsistent, ambiguous, misleading, 408
deceptive, or likely to mislead an applicant or policyholder, ~~he~~ 409
the superintendent shall give written notice of such finding to 410
~~any insurer which~~ the insurance company that filed ~~such~~ the form, 411
and thereafter ~~it~~ the insurance company shall not deliver, issue 412
for delivery, or use ~~such~~ the form. 413

The superintendent's action is subject to review by any court 414
of competent ~~jurisdiction~~ jurisdiction, subject to Chapter 119. of 415
the Revised Code. 416

Sec. 3937.25. (A) As used in sections 3937.25 to 3937.29 of 417
the Revised Code, "medical malpractice insurance" means insurance 418
coverage against the legal liability of the insured for loss, 419
damage, or expense arising from a medical, optometric, or 420

chiropractic claim, as those claims are defined in section 421
2305.113 of the Revised Code. 422

(B) After a policy of commercial property insurance, 423
commercial fire insurance, or commercial casualty insurance other 424
than fidelity or surety bonds, medical malpractice insurance, and 425
automobile insurance as defined in section 3937.30 of the Revised 426
Code, has been in effect for more than ninety days, a notice of 427
cancellation for such policy shall not be issued by any licensed 428
insurer unless it is based on one of the following grounds: 429

(1) Nonpayment of premium; 430

(2) Discovery of fraud or material misrepresentation in the 431
procurement of the insurance or with respect to any claims 432
submitted thereunder; 433

(3) Discovery of a moral hazard or willful or reckless acts 434
or omissions on the part of the named insured that increase any 435
hazard insured against; 436

(4) The occurrence of a change in the individual risk which 437
substantially increases any hazard insured against after insurance 438
coverage has been issued or renewed, except to the extent the 439
insurer reasonably should have foreseen the change or contemplated 440
the risk in writing the contract; 441

(5) Loss of applicable reinsurance or a substantial decrease 442
in applicable reinsurance, if the superintendent has determined 443
that reasonable efforts have been made to prevent the loss of, or 444
substantial decrease in, the applicable reinsurance, or to obtain 445
replacement coverage; 446

(6) Failure of an insured to correct material violations of 447
safety codes or to comply with reasonable written loss control 448
recommendations; 449

(7) A determination by the superintendent of insurance that 450

the continuation of the policy would create a condition that would 451
be hazardous to the policyholders or the public. 452

~~(B)~~(C) The notice of cancellation required by this section 453
must be in writing, be mailed to the insured at ~~his~~ the insured's 454
last known address, and contain all of the following: 455

(1) The policy number; 456

(2) The date of the notice; 457

(3) The effective date of the cancellation; 458

(4) An explanation of the reason for cancellation. 459

Such notice of cancellation also shall be mailed to the 460
insured's agent. 461

~~(C)~~(D) Except for nonpayment of premium, the effective date 462
of cancellation must be no less than thirty days from the date of 463
mailing the notice. When cancellation is for nonpayment of 464
premium, the effective date of cancellation must be no less than 465
ten days from the date of mailing the notice. 466

~~(D)~~(E) Nothing in division ~~(A)~~(B) of this section shall be 467
construed to prevent an insurer from writing a policy of 468
commercial property insurance, commercial fire insurance, or 469
commercial casualty insurance other than medical malpractice 470
insurance and automobile insurance as defined in section 3937.30 471
of the Revised Code for a period greater than one year and 472
providing in such policy that the insurer may issue a notice of 473
cancellation of such policy at least thirty days prior to an 474
anniversary of such policy, with the effective date of 475
cancellation being that anniversary. 476

The superintendent may prescribe that adequate disclosure be 477
made to the insured when a policy is issued for a term of more 478
than one year. 479

~~(E)~~(F) There is no liability on the part of, and no cause of 480

action of any nature arises against, the superintendent of 481
insurance, any insurer, or any person furnishing information 482
requested by the superintendent, an insurer, the agent, employee, 483
attorney, or other authorized representative of any such persons, 484
for any oral or written statement made to supply information 485
relevant to a determination on cancellation of any policy of 486
commercial property insurance, commercial fire insurance, or 487
commercial casualty insurance other than fidelity or surety bonds, 488
medical malpractice insurance, and automobile insurance as defined 489
in section 3937.30 of the Revised Code, or in connection with 490
advising an insured or ~~his~~ an insured's attorney of the reasons 491
for a cancellation of such insurance, or in connection with any 492
administrative or judicial proceeding arising out of or related to 493
such cancellation. 494

Sec. 3937.26. (A) An insurer may refuse to renew a policy of 495
commercial property insurance, commercial fire insurance, or 496
commercial casualty insurance other than fidelity or surety bonds, 497
medical malpractice insurance, and automobile insurance as defined 498
in section 3937.30 of the Revised Code, by mailing to the insured, 499
at ~~his~~ the insured's last known address, at least thirty days 500
prior to the date of the expiration date of the policy, a notice 501
of the insurer's intention not to renew the policy. 502

Such notice shall contain all of the following: 503

- (1) The policy number; 504
- (2) The date of the notice; 505
- (3) The expiration date of the policy. 506

Such notice of nonrenewal also shall be mailed to the 507
insured's agent. 508

(B) If the notice of nonrenewal is mailed less than thirty 509
days before the expiration date of the policy, the insured's 510

coverage then in effect remains in effect until thirty days after 511
the date of mailing the notice, unless the insured notifies the 512
insurer in writing that ~~he~~ the insured accepts the nonrenewal as 513
stated. The insurer shall notify the insured of the amount of the 514
premium for the time after the expiration date that the coverage 515
may remain in effect, and the insured shall pay such premium 516
unless ~~he~~ the insured accepts the stated nonrenewal. The premium 517
must be calculated using the rates originally applicable to the 518
insured's coverage then in effect. 519

Sec. 3937.27. (A) An insurer who intends to condition renewal 520
of a policy of commercial property insurance, commercial fire 521
insurance, or commercial casualty insurance other than fidelity 522
and surety bonds, medical malpractice insurance, and automobile 523
insurance as defined in section 3937.30 of the Revised Code, upon 524
a substantial increase in premium shall mail a notice of such 525
intention to the agent of record and to the insured, at ~~his~~ the 526
insured's last known address, at least thirty days prior to the 527
expiration date of the policy. 528

(B) If the notice is mailed less than thirty days before the 529
expiration date of the policy, the insured's coverage then in 530
effect remains in effect until thirty days after the date of 531
mailing the notice. The insurer shall notify the insured of the 532
amount of the premium for the time after the expiration date that 533
the existing coverage may remain in effect, and the insured shall 534
pay such premium unless ~~he~~ the insured notifies the insurer in 535
writing that ~~he~~ the insured does not want ~~his~~ the coverage then in 536
effect to be extended past the expiration date. The premium must 537
be calculated using the rates originally applicable to the 538
insured's coverage then in effect. 539

If the insured accepts the increased premium, such change is 540
effective immediately following the expiration of the insured's 541

coverage then in effect. 542

Sec. 3937.28. (A) A notice of cancellation of a policy of 543
medical malpractice insurance shall not be issued by any licensed 544
insurer unless it is based on one of the following grounds: 545

(1) Nonpayment of premium; 546

(2) Discovery of fraud or material misrepresentation in the 547
procurement of the insurance or with respect to any claims 548
submitted thereunder; 549

(3) Discovery of a moral hazard or willful or reckless acts 550
or omissions on the part of the named insured that increase any 551
hazard insured against; 552

(4) The occurrence of a change in the individual risk that 553
substantially increases any hazard insured against after insurance 554
coverage has been issued or renewed, except to the extent the 555
insurer reasonably should have foreseen the change or contemplated 556
the risk in writing the contract; 557

(5) Loss of applicable reinsurance or a substantial decrease 558
in applicable reinsurance, if the superintendent of insurance has 559
determined that reasonable efforts have been made to prevent the 560
loss of, or substantial decrease in, the applicable reinsurance, 561
or to obtain replacement coverage; 562

(6) Failure of an insured to correct material violations of 563
safety codes or to comply with reasonable written loss control 564
recommendations; 565

(7) A determination by the superintendent that the 566
continuation of the policy would create a condition that would be 567
hazardous to the policyholders or the public. 568

(B) The notice of cancellation required by this section shall 569
be in writing, be mailed both to the insured at the insured's last 570
known address and to the insured's agent, and contain all of the 571

<u>following:</u>	572
<u>(1) The policy number;</u>	573
<u>(2) The date of the notice;</u>	574
<u>(3) The effective date of the cancellation;</u>	575
<u>(4) An explanation of the grounds for cancellation.</u>	576
<u>(C) Except when cancellation is for nonpayment of premium,</u>	577
<u>the effective date of cancellation shall be not less than sixty</u>	578
<u>days from the date of mailing the notice. When cancellation is for</u>	579
<u>nonpayment of premium, the effective date of cancellation shall be</u>	580
<u>not less than ten days from the date of mailing the notice.</u>	581
<u>(D) Nothing in division (A) of this section shall be</u>	582
<u>construed to prevent an insurer from writing a policy of medical</u>	583
<u>malpractice insurance for a period greater than one year and</u>	584
<u>providing in such policy that the insurer may issue a notice of</u>	585
<u>cancellation of such policy at least sixty days prior to an</u>	586
<u>anniversary of such policy, with the effective date of</u>	587
<u>cancellation being that anniversary.</u>	588
<u>The superintendent may prescribe that adequate disclosure be</u>	589
<u>made to the insured when a policy is issued for a term of more</u>	590
<u>than one year.</u>	591
<u>(E) There is no liability on the part of, and no cause of</u>	592
<u>action of any nature arises against, the superintendent, any</u>	593
<u>insurer, or any person furnishing information requested by the</u>	594
<u>superintendent or an insurer, or the agent, employee, attorney or</u>	595
<u>other authorized representative of any such persons, for any oral</u>	596
<u>or written statement made to supply information relevant to a</u>	597
<u>determination on cancellation of any policy of medical malpractice</u>	598
<u>insurance, or in connection with advising an insured or the</u>	599
<u>insured's attorney of the grounds for a cancellation of such</u>	600
<u>insurance, or in connection with any administrative or judicial</u>	601

proceeding arising out of or related to such cancellation.

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Sec. 3937.29. (A) An insurer that intends to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance that it has issued to any class, type, or specialty of practitioner, or that intends to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance in a specific geographic area, which may include the state as a whole, shall file written notice of its intended action with the superintendent of insurance. These actions by an insurer are not effective unless the written notice is filed with the superintendent within the following time frames:

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(1) At least one hundred eighty days prior to the insurer acting to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance that the insurer has issued in this state;

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(2) At least one hundred twenty days prior to the insurer acting to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance for a specific class, type, or specialty of practitioner or in a specific geographic area other than this state as a whole.

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Written notice also shall be filed with the superintendent at least one hundred twenty days prior to the insurer making changes in its underwriting guidelines, if the effect of the changes will be to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance for a specific class, type, or specialty of practitioner or in a specific geographic area other than this state as a whole.

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(B) The written notice filed with the superintendent under division (A) of this section shall contain all of the following information:

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<u>(1) The date of the notice;</u>	632
<u>(2) The number of insureds with policies that will be cancelled, terminated, or not renewed;</u>	633 634
<u>(3) The date that the insurer intends to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance that the insurer has issued to any class, type, or specialty of practitioner, or that the insurer intends to cancel, terminate, or otherwise not renew all policies of medical malpractice insurance in a specific geographic area, including the state as a whole;</u>	635 636 637 638 639 640 641
<u>(4) The specific geographic area, if any;</u>	642
<u>(5) Any other information required by the superintendent.</u>	643
<u>(C) An insurer that intends to condition renewal of a policy of medical malpractice insurance upon an increase in premium shall mail a notice of the insurer's intention to the agent of record and to the insured at the insured's last known address at least sixty days prior to the expiration date of the policy.</u>	644 645 646 647 648
<u>(D) An insurer may refuse to renew a policy of medical malpractice insurance by mailing a notice of the insurer's intention to the agent of record and to the insured at the insured's last known address at least sixty days prior to the expiration date of the policy. The notice mailed under this division shall contain all of the following information:</u>	649 650 651 652 653 654
<u>(1) The policy number;</u>	655
<u>(2) The date of the notice;</u>	656
<u>(3) The expiration date of the policy;</u>	657
<u>(4) An explanation of the grounds for nonrenewal.</u>	658
<u>(E) If the notice required by divisions (C) and (D) of this section is mailed less than sixty days before the expiration date</u>	659 660

of the policy, the insured's coverage then in effect remains in 661
effect until sixty days after the date of mailing the notice 662
unless either of the following is true: 663

(1) In the case of a premium increase, the insured accepts 664
the increased premium. The change is then effective immediately 665
following the expiration of the insured's coverage then in effect. 666

(2) In the case of nonrenewal, the insured notifies the 667
insurer in writing that the insured accepts the nonrenewal as 668
stated. 669

(F) If the insured's coverage is extended beyond the original 670
expiration date of the policy as provided by division (E) of this 671
section, the premium for the time after the original expiration 672
date must be calculated using the rates originally applicable to 673
the insured's coverage then in effect. The insurer shall notify 674
the insured of the amount of the premium for the time after the 675
expiration of the insured's coverage then in effect. The insured 676
shall pay the premium unless either of the following is true: 677

(1) In the case of a premium increase, the insured notifies 678
the insurer in writing that the insured does not want the coverage 679
then in effect to be extended past the expiration date. 680

(2) In the case of nonrenewal, the insured notifies the 681
insurer in writing that the insured accepts the nonrenewal as 682
stated. 683

Section 2. That existing sections 2505.02, 3915.02, 3915.073, 684
3915.14, 3937.25, 3937.26, and 3937.27 of the Revised Code are 685
hereby repealed. 686

Section 3. That section 3915.073 of the Revised Code as it 687
results from Section 1 of this act be amended to read as follows: 688

Sec. 3915.073. (A) This section shall be known as the 689
standard nonforfeiture law for individual deferred annuities. 690

(B) This section does not apply to any reinsurance, group 691
annuity purchased under a retirement plan or plan of deferred 692
compensation established or maintained by an employer, including a 693
partnership or sole proprietorship, or by an employee 694
organization, or by both, other than a plan providing individual 695
retirement accounts or individual retirement annuities under 696
section 408 of the Internal Revenue Code of 1954, 26 U.S.C.A. 408, 697
as amended, premium deposit fund, variable annuity, investment 698
annuity, immediate annuity, any deferred annuity contract after 699
annuity payments have commenced, or reversionary annuity, nor to 700
any contract which is delivered outside this state through an 701
agent or other representative of the company issuing the contract. 702

(C) ~~In the case of contracts issued on or after the operative~~ 703
~~date of this section as defined in division (M) of this section,~~ 704
~~no~~ No contract of annuity, except as stated in division (B) of 705
this section, shall be delivered or issued for delivery in this 706
state unless the contract contains in substance the following 707
provisions, or corresponding provisions that in the opinion of the 708
superintendent of insurance are at least as favorable to the 709
contract owners, relative to the cessation of payment of 710
consideration under the contract: 711

(1) That upon cessation of payment of considerations under a 712
contract, or upon the written request of the contract owner, the 713
company shall grant a paid-up annuity benefit on a plan stipulated 714
in the contract of such value as is specified in divisions (E), 715
(F), (G), (H), and (J) of this section; 716

(2) If a contract provides for a lump sum settlement at 717
maturity, or at any other time, that upon surrender of the 718
contract at or prior to the commencement of any annuity payments, 719

the company shall pay in lieu of any paid-up annuity benefit a 720
cash surrender benefit of such amount as is specified in divisions 721
(E), (F), (H), and (J) of this section. The company may reserve 722
the right to defer the payment of such cash surrender benefit for 723
a period not to exceed six months after demand therefor with 724
surrender of the contract. The deferral is contingent upon the 725
company's conveyance of a written request for the deferral to the 726
superintendent and the company's receipt of written approval from 727
the superintendent for the deferral. The request shall address the 728
necessity and equitability to all contract owners of the deferral; 729

(3) A statement of the mortality table, if any, and interest 730
rates used in calculating any minimum paid-up annuity, cash 731
surrender, or death benefits that are guaranteed under the 732
contract, together with sufficient information to determine the 733
amounts of such benefits; 734

(4) A statement that any paid-up annuity, cash surrender, or 735
death benefits that may be available under the contract are not 736
less than the minimum benefits required by any statute of the 737
state in which the contract is delivered and an explanation of the 738
manner in which such benefits are altered by the existence of any 739
additional amounts credited by the company to the contract, any 740
indebtedness to the company on the contract, or any prior 741
withdrawals from or partial surrenders of the contract. 742

Notwithstanding the requirements of this section, any 743
deferred annuity contract may provide that if no considerations 744
have been received under a contract for a period of two full years 745
and the portion of the paid-up annuity benefit at maturity on the 746
plan stipulated in the contract arising from considerations paid 747
prior to such period would be less than twenty dollars monthly, 748
the company may at its option terminate such contract by payment 749
in cash of the then present value of such portion of the paid-up 750
annuity benefit, calculated on the basis of the mortality table, 751

if any, and interest rate specified in the contract for 752
determining the paid-up annuity benefit, and by such payment shall 753
be relieved of any further obligation under such contract. 754

(D) The minimum values as specified in divisions (E), (F), 755
(G), (H), and (J) of this section of any paid-up annuity, cash 756
surrender, or death benefits available under an annuity contract 757
shall be based upon minimum nonforfeiture amounts as defined in 758
divisions ~~(D)(1), (2), and (3)~~ or divisions ~~(D)(4), (5), (6), and~~ 759
~~(7)~~ of this section division. 760

~~(1) With respect to contracts providing for flexible 761
considerations, the minimum nonforfeiture amount at any time at or 762
prior to the commencement of any annuity payments shall be equal 763
to an accumulation up to such time at a rate of interest of one 764
and one half per cent per annum of percentages of the net 765
considerations, as defined in division ~~(D)(1)~~ of this section, 766
paid prior to such time, decreased by the sum of: 767~~

~~(a) Any prior withdrawals from or partial surrenders of the 768
contract accumulated at a rate of interest of one and one half per 769
cent per annum; 770~~

~~(b) The amount of any indebtedness to the company on the 771
contract, including interest due and accrued; and increased by any 772
existing additional amounts credited by the company to the 773
contract. 774~~

~~The net considerations for a given contract year used to 775
define the minimum nonforfeiture amount shall be an amount not 776
less than zero and shall be equal to the corresponding gross 777
considerations credited to the contract during that contract year 778
less an annual contract charge of thirty dollars and less a 779
collection charge of one dollar and twenty five cents per 780
consideration credited to the contract during that contract year. 781
The percentages of net considerations shall be sixty five per cent 782~~

~~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.~~

~~(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:~~

~~(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.~~

~~(4)(a) The minimum nonforfeiture amount at any time at or~~

prior to the commencement of any annuity payments shall be equal 814
to an accumulation up to such time at rates of interest determined 815
in accordance with division (D)~~(5)~~(2) of this section of the net 816
considerations, determined in accordance with division 817
(D)~~(4)~~(1)(b) of this section, paid prior to such time, decreased 818
by the sum of: 819

(i) Any prior withdrawals from or partial surrenders of the 820
contract, accumulated at rates of interest determined in 821
accordance with division (D)~~(5)~~(2) of this section; 822

(ii) An annual contract charge of fifty dollars, accumulated 823
at rates of interest determined in accordance with division 824
(D)~~(5)~~(2) of this section; 825

(iii) Any premium tax paid by the company for the contract, 826
accumulated at rates of interest determined in accordance with 827
division (D)~~(5)~~(2) of this section; 828

(iv) The amount of any indebtedness to the company on the 829
contract, including interest due and accrued. 830

(b) The net considerations for a given contract year used to 831
define the minimum nonforfeiture amount shall be an amount equal 832
to eighty-seven and one-half per cent of the gross considerations 833
credited to the contract during that contract year. 834

~~(5)~~(2)(a) The interest rate used in determining minimum 835
nonforfeiture amounts under divisions (D)~~(4)~~(1) to ~~(7)~~(4) of this 836
section shall be an annual rate of interest determined as the 837
lesser of three per cent per annum or the following, which shall 838
be specified in the contract if the interest rate will be reset: 839

(i) The five-year constant maturity treasury rate reported by 840
the federal reserve as of a date or an average over a period, 841
rounded to the nearest one-twentieth of one per cent, specified in 842
the contract, no longer than fifteen months prior to the contract 843
issue date or the redetermination date specified in division 844

(5) <u>(2)</u> (b) of this section;	845
(ii) Reduced by one hundred twenty-five basis points;	846
(iii) Where the resulting interest rate shall not be less than one per cent.	847 848
(b) The interest rate determined under division (D) (5) <u>(2)</u> (a) of this section shall apply for an initial period and may be redetermined for additional periods. The redetermination date, basis and period, if any, shall be stated in the contract. The basis is the date or average over a specified period that produces the value of the five-year constant maturity treasury rate to be used at each redetermination date.	849 850 851 852 853 854 855
(6) <u>(3)</u> During the period or term that a contract provides substantiative participation in an equity-indexed benefit, the contract may provide for an increase in the reduction described in division (D) (5) <u>(2)</u> (a)(ii) of this section by a maximum of one hundred basis points to reflect the value of the equity-indexed benefit. The present value at the contract issue date, and at each redetermination date thereafter, of the additional reduction shall not exceed the market value of the benefit. The superintendent may require a demonstration that the present value of the additional reduction does not exceed the market value of the benefit. If the demonstration is not acceptable to the superintendent, the superintendent may disallow or limit the additional reduction.	856 857 858 859 860 861 862 863 864 865 866 867
(7) <u>(4)</u> The superintendent may adopt rules to implement division (D) (6) <u>(3)</u> of this section and to provide for further adjustments to the calculation of minimum nonforfeiture amounts for contracts that provide substantive participation in an equity-indexed benefit and for other contracts for which the superintendent determines adjustments are justified.	868 869 870 871 872 873
(E) Any paid-up annuity benefit available under a contract shall be such that its present value on the date annuity payments	874 875

are to commence is at least equal to the minimum nonforfeiture 876
amount on that date. Such present value shall be computed using 877
the mortality table, if any, and the interest rate specified in 878
the contract for determining the minimum paid-up annuity benefits 879
guaranteed in the contract. 880

(F) For contracts which provide cash surrender benefits, such 881
cash surrender benefits available prior to maturity shall not be 882
less than the present value as of the date of surrender of that 883
portion of the maturity value of the paid-up annuity benefit that 884
would be provided under the contract at maturity arising from 885
considerations paid prior to the time of cash surrender reduced by 886
the amount appropriate to reflect any prior withdrawals from or 887
partial surrenders of the contract, such present value being 888
calculated on the basis of an interest rate not more than one per 889
cent higher than the interest rate specified in the contract for 890
accumulating the net considerations to determine such maturity 891
value, decreased by the amount of any indebtedness to the company 892
on the contract, including interest due and accrued, and increased 893
by any existing additional amounts credited by the company to the 894
contract. In no event shall any cash surrender benefit be less 895
than the minimum nonforfeiture amount at that time. The death 896
benefit under such contracts shall be at least equal to the cash 897
surrender benefit. 898

(G) For contracts that do not provide cash surrender 899
benefits, the present value of any paid-up annuity benefit 900
available as a nonforfeiture option at any time prior to maturity 901
shall not be less than the present value of that portion of the 902
maturity value of the paid-up annuity benefit provided under the 903
contract arising from considerations paid prior to the time the 904
contract is surrendered in exchange for, or changed to, a deferred 905
paid-up annuity, such present value being calculated for the 906
period prior to the maturity date on the basis of the interest 907

rate specified in the contract for accumulating the net 908
considerations to determine such maturity value, and increased by 909
any existing additional amounts credited by the company to the 910
contract. For contracts that do not provide any death benefits 911
prior to the commencement of any annuity payments, such present 912
values shall be calculated on the basis of such interest rate and 913
the mortality table specified in the contract for determining the 914
maturity value of the paid-up annuity benefit. However, in no 915
event shall the present value of a paid-up annuity benefit be less 916
than the minimum nonforfeiture amount at that time. 917

(H) For the purpose of determining the benefits calculated 918
under divisions (F) and (G) of this section, in the case of 919
annuity contracts under which an election may be made to have 920
annuity payments commence at optional maturity dates, the maturity 921
date shall be deemed to be the latest date for which election 922
shall be permitted by the contract, but shall not be deemed to be 923
later than the anniversary of the contract next following the 924
annuitant's seventieth birthday or the tenth anniversary of the 925
contract, whichever is later. 926

(I) Any contract that does not provide cash surrender 927
benefits or does not provide death benefits at least equal to the 928
minimum nonforfeiture amount prior to the commencement of any 929
annuity payments shall include a statement in a prominent place in 930
the contract that such benefits are not provided. 931

(J) Any paid-up annuity, cash surrender, or death benefits 932
available at any time, other than on the contract anniversary 933
under any contract with fixed scheduled considerations, shall be 934
calculated with allowance for the lapse of time and the payment of 935
any scheduled considerations beyond the beginning of the contract 936
year in which cessation of payment of considerations under the 937
contract occurs. 938

(K) For any contract that provides, within the same contract 939

by rider or supplemental contract provision, both annuity benefits 940
and life insurance benefits that are in excess of the greater of 941
cash surrender benefits or a return of the gross considerations 942
with interest, the minimum nonforfeiture benefit shall be equal to 943
the sum of the minimum nonforfeiture benefits for the annuity 944
portion and the minimum nonforfeiture benefits, if any, for the 945
life insurance portion computed as if each portion were a separate 946
contract. Notwithstanding the provisions of divisions (E), (F), 947
(G), (H), and (J) of this section, additional benefits payable: 948

(1) In the event of total and permanent disability; 949

(2) As reversionary annuity or deferred reversionary annuity 950
benefits; or 951

(3) As other policy benefits additional to life insurance, 952
endowment and annuity benefits, and considerations for all such 953
additional benefits shall be disregarded in ascertaining the 954
minimum nonforfeiture amounts, paid-up annuity, cash surrender, 955
and death benefits that may be required by this section. 956

The inclusion of such additional benefits shall not be 957
required in any paid-up benefits, unless such additional benefits 958
separately would require minimum nonforfeiture amounts, paid-up 959
annuity, cash surrender, and death benefits. 960

(L) The superintendent may adopt rules in accordance with 961
Chapter 119. of the Revised Code to implement this section. 962

~~(M) Before the second anniversary of the effective date of 963
this amendment, a company may elect to apply this section to 964
annuity contracts on a contract form by contract form basis by 965
using either divisions (D)(1), (2), and (3) or divisions (D)(4), 966
(5), (6), and (7) of this section. Divisions (D)(1), (2), and (3) 967
of this section shall be repealed on the second anniversary date 968
of the effective date of this amendment. 969~~

Section 4. That existing section 3915.073 of the Revised Code 970
as it results from Section 1 of this act is hereby repealed. 971

Section 5. Sections 3 and 4 of this act shall take effect two 972
years after the effective date of this act. 973

Section 6. Section 3915.02 of the Revised Code is presented 974
in this act as a composite of the section as amended by both Sub. 975
H.B. 16 and Sub. S.B. 137 of the 119th General Assembly. The 976
General Assembly, applying the principle stated in division (B) of 977
section 1.52 of the Revised Code that amendments are to be 978
harmonized if reasonably capable of simultaneous operation, finds 979
that the composite is the resulting version of the section in 980
effect prior to the effective date of the section as presented in 981
this act. 982

Section 7. If any item of law that constitutes the whole or 983
part of a section of law contained in this act, or if any 984
application of any item of law that constitutes the whole or part 985
of a section of law contained in this act, is held invalid, the 986
invalidity does not affect other items of law or applications of 987
items of law that can be given effect without the invalid item of 988
law or application. To this end, the items of law of which the 989
sections contained in this act are composed, and their 990
applications, are independent and severable. 991