

AN ACT

To amend sections 9.90, 1751.12, 3917.01, 3917.06, and 3917.07, to enact new section 3917.03 and section 3917.02, and to repeal section 3917.03 of the Revised Code to permit the sale of group life insurance to specified groups and provide the Superintendent of Insurance with the discretion to authorize the sale of group life insurance to additional groups.

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

SECTION 1. That sections 9.90, 1751.12, 3917.01, 3917.06, and 3917.07 be amended and new section 3917.03 and section 3917.02 of the Revised Code be enacted to read as follows:

Sec. 9.90. (A) The governing board of any public institution of higher education, including without limitation state universities and colleges, community college districts, university branch districts, technical college districts, and municipal universities, or the board of education of any school district, may, in addition to all other powers provided in the Revised Code:

(1) Contract for, purchase, or otherwise procure from an insurer or insurers licensed to do business by the state of Ohio for or on behalf of such of its employees as it may determine, life insurance, or sickness, accident, annuity, endowment, health, medical, hospital, dental, or surgical coverage and benefits, or any combination thereof, by means of insurance plans or other types of coverage, family, group or otherwise, and may pay from funds under its control and available for such purpose all or any portion of the cost, premium, or charge for such insurance, coverage, or benefits. However, the governing board, in addition to or as an alternative to the authority otherwise granted by division (A)(1) of this section, may elect to procure coverage for health care services, for or on behalf of such of its employees as it may determine, by means of policies, contracts, certificates, or agreements issued by at least two health insuring corporations holding a certificate of authority under Chapter 1751. of the Revised Code and may pay from funds under the governing board's control and available for such

purpose all or any portion of the cost of such coverage.

(2) Make payments to a custodial account for investment in regulated investment company stock for the purpose of providing retirement benefits as described in section 403(b)(7) of the Internal Revenue Code of 1954, as amended. Such stock shall be purchased only from persons authorized to sell such stock in this state.

Any income of an employee deferred under divisions (A)(1) and (2) of this section in a deferred compensation program eligible for favorable tax treatment under the Internal Revenue Code of 1954, as amended, shall continue to be included as regular compensation for the purpose of computing the contributions to and benefits from the retirement system of such employee. Any sum so deferred shall not be included in the computation of any federal and state income taxes withheld on behalf of any such employee.

(B) All or any portion of the cost, premium, or charge therefor may be paid in such other manner or combination of manners as the governing board or the school board may determine, including direct payment by the employee in cases under division (A)(1) of this section, and, if authorized in writing by the employee in cases under division (A)(1) or (2) of this section, by such governing board or school board with moneys made available by deduction from or reduction in salary or wages or by the foregoing of a salary or wage increase. ~~Division (B)(7) of~~ Nothing in section 3917.01 ~~and the last paragraph of~~ or section 3917.06 of the Revised Code shall ~~not~~ prohibit the issuance or purchase of group life insurance authorized by this section by reason of payment of premiums therefor by the governing board or the school board from its funds, and such group life insurance may be so issued and purchased if otherwise consistent with the provisions of sections 3917.01 to 3917.07 of the Revised Code.

Sec. 1751.12. (A)(1) No contractual periodic prepayment and no premium rate for nongroup and conversion policies for health care services, or any amendment to them, may be used by any health insuring corporation at any time until the contractual periodic prepayment and premium rate, or amendment, have been filed with the superintendent of insurance, and shall not be effective until the expiration of sixty days after their filing unless the superintendent sooner gives approval. The filing shall be accompanied by an actuarial certification in the form prescribed by the superintendent. The superintendent shall disapprove the filing, if the superintendent determines within the sixty-day period that the contractual periodic prepayment or premium rate, or amendment, is not in accordance with sound actuarial principles or is not reasonably related to the applicable coverage and

characteristics of the applicable class of enrollees. The superintendent shall notify the health insuring corporation of the disapproval, and it shall thereafter be unlawful for the health insuring corporation to use the contractual periodic prepayment or premium rate, or amendment.

(2) No contractual periodic prepayment for group policies for health care services shall be used until the contractual periodic prepayment has been filed with the superintendent. The filing shall be accompanied by an actuarial certification in the form prescribed by the superintendent. The superintendent may reject a filing made under division (A)(2) of this section at any time, with at least thirty days' written notice to a health insuring corporation, if the contractual periodic prepayment is not in accordance with sound actuarial principles or is not reasonably related to the applicable coverage and characteristics of the applicable class of enrollees.

(3) At any time, the superintendent, upon at least thirty days' written notice to a health insuring corporation, may withdraw the approval given under division (A)(1) of this section, deemed or actual, of any contractual periodic prepayment or premium rate, or amendment, based on information that either of the following applies:

(a) The contractual periodic prepayment or premium rate, or amendment, is not in accordance with sound actuarial principles.

(b) The contractual periodic prepayment or premium rate, or amendment, is not reasonably related to the applicable coverage and characteristics of the applicable class of enrollees.

(4) Any disapproval under division (A)(1) of this section, any rejection of a filing made under division (A)(2) of this section, or any withdrawal of approval under division (A)(3) of this section, shall be effected by a written notice, which shall state the specific basis for the disapproval, rejection, or withdrawal and shall be issued in accordance with Chapter 119. of the Revised Code.

(B) Notwithstanding division (A) of this section, a health insuring corporation may use a contractual periodic prepayment or premium rate for policies used for the coverage of beneficiaries enrolled in Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C.A. 301, as amended, pursuant to a medicare risk contract or medicare cost contract, or for policies used for the coverage of beneficiaries enrolled in the federal employees health benefits program pursuant to 5 U.S.C.A. 8905, or for policies used for the coverage of beneficiaries enrolled in Title XIX of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C.A. 301, as amended, known as the medical assistance program or medicaid, provided by the department of job and family services under Chapter 5111. of the Revised Code, or for policies

used for the coverage of beneficiaries under any other federal health care program regulated by a federal regulatory body, or for policies used for the coverage of beneficiaries under any contract covering officers or employees of the state that has been entered into by the department of administrative services, if both of the following apply:

(1) The contractual periodic prepayment or premium rate has been approved by the United States department of health and human services, the United States office of personnel management, the department of job and family services, or the department of administrative services.

(2) The contractual periodic prepayment or premium rate is filed with the superintendent prior to use and is accompanied by documentation of approval from the United States department of health and human services, the United States office of personnel management, the department of job and family services, or the department of administrative services.

(C) The administrative expense portion of all contractual periodic prepayment or premium rate filings submitted to the superintendent for review must reflect the actual cost of administering the product. The superintendent may require that the administrative expense portion of the filings be itemized and supported.

(D)(1) Copayments must be reasonable and must not be a barrier to the necessary utilization of services by enrollees.

(2) A health insuring corporation, in order to ensure that copayments are reasonable and not a barrier to the necessary utilization of basic health care services by enrollees, may do one of the following:

(a) Impose copayment charges on any single covered basic health care service that does not exceed forty per cent of the average cost to the health insuring corporation of providing the service;

(b) Impose copayment charges that annually do not exceed twenty per cent of the total annual cost to the health insuring corporation of providing all covered basic health care services, including physician office visits, urgent care services, and emergency health services, when aggregated as to all persons covered under the filed product in question. In addition, annual copayment charges as to each enrollee shall not exceed twenty per cent of the total annual cost to the health insuring corporation of providing all covered basic health care services, including physician office visits, urgent care services, and emergency health services, as to such enrollee. The total annual cost of providing a health care service is the cost to the health insuring corporation of providing the health care service to its enrollees as reduced by any applicable provider discount.

(3) To ensure that copayments are reasonable and not a barrier to the

utilization of basic health care services, a health insuring corporation may not impose, in any contract year, on any subscriber or enrollee, copayments that exceed two hundred per cent of the average annual premium rate to subscribers or enrollees.

(4) For purposes of division (D) of this section, both of the following apply:

(a) Copayments imposed by health insuring corporations in connection with a high deductible health plan that is linked to a health savings account are reasonable and are not a barrier to the necessary utilization of services by enrollees.

(b) Divisions (D)(2) and (3) of this section do not apply to a high deductible health plan that is linked to a health savings account.

(E) A health insuring corporation shall not impose lifetime maximums on basic health care services. However, a health insuring corporation may establish a benefit limit for inpatient hospital services that are provided pursuant to a policy, contract, certificate, or agreement for supplemental health care services.

(F) A health insuring corporation may require that an enrollee pay an annual deductible that does not exceed one thousand dollars per enrollee or two thousand dollars per family. ~~The, except that:~~

(1) A health insuring corporation may impose higher deductibles for high deductible health plans that are linked to health savings accounts;

(2) The superintendent may adopt rules defining allowing different annual deductible amounts for plans with an employer-sponsored a medical savings account, health reimbursement arrangement, or flexible spending account, or similar account.

(G) As used in this section, "health savings account" and "high deductible health plan" have the same meanings as in the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 223, as amended.

Sec. 3917.01. ~~(A) Group life insurance is that form of life insurance covering not less than two employees with or without medical examination, written under a~~ As used in sections 3917.01 to 3917.06 of the Revised Code, the following forms of life insurance are group life insurance:

(A) A life insurance policy issued to the an employer, or to a trustee the trustees of a trust-created fund established by such an 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, which employer or trustees shall be deemed the policyholder, to insure employees of the employer 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 policy are offered to all eligible employees, not less than seventy five per cent of such employees may be so insured. Such group, subject to all of the following requirements:~~

~~(1) All of the employees of the employer, or all of any class or classes of employees, are eligible for life insurance. The policy may provide that "employees" includes the employees of one or more subsidiary corporations and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietorships, or partnerships if the business of the employer and the affiliated corporations, proprietorships, or partnerships is under common control. The policy may provide that "employees" includes retired employees of the employer and the officers, managers, former employees, and retired employees of subsidiary or affiliated corporations and the individual proprietors, partners, employees, and retired employees of affiliated individuals and firms, when the business of such subsidiary or affiliated corporations, firms, or individuals is controlled by the common employer through stock ownership, contract, or otherwise. This section does not define as a group the lives covered by a policy issued on more than one life which provides for payments upon the death of any one or more or upon the death of each of the lives so insured, and upon which the premium rates charged are computed on the same basis as used by the issuing company on single life policies and upon its regular forms of insurance.~~

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

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

~~(2) Life insurance covering the members of one or more troops or other units of the state troopers or state police of any state, written under a policy issued to the commanding officer of the state troopers or state police who is~~

~~the employer for the purposes of such sections, the premium on which is to be paid by the members of such units for the benefit of persons other than the employer; provided that when the benefits of the policy are offered to all eligible members of a unit of the state troopers or state police, not less than seventy five per cent of the members of such a unit may be insured;~~

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

~~(4) Life insurance written under a directors of a corporate employer. A policy issued to insure the employees of a public body may provide that "employees" includes elected or appointed officials.~~

~~(2) The premium for the policy shall be paid either from the employer's funds or from funds contributed by the insured employees, or from both. Except as provided in division (A)(3) of this section, a policy for which no part of the premium is derived from funds contributed by the insured employees shall insure all eligible employees, except those employees who reject the coverage in writing.~~

~~(3) An insurer may exclude or limit the coverage on any employee as to whom evidence of individual insurability is not satisfactory to the insurer.~~

~~(4) A policy issued pursuant to section 3911.091 of the Revised Code is not subject to the requirements of this division.~~

~~(B) A life insurance policy issued to a creditor, ~~who~~ or its parent holding company or to a trustee or trustees or agent designated by two or more creditors, which creditor, holding company, affiliate, trustee, trustees, or agent shall be deemed the policyholder, to insure debtors of the creditor or creditors, subject to the following requirements:~~

~~(a)(1) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor, excepting that no debtor is eligible unless the indebtedness constitutes an obligation to repay that is binding upon the debtor during the debtor's lifetime at and from the date the insurance becomes effective upon the debtor's life or creditors, or all of any class or classes of the debtors. The policy may provide that "debtors" includes the all of the following:~~

~~(a) Borrowers of money or purchasers or lessees of goods, services, or property for which payment is arranged through a credit transaction;~~

~~(b) The debtors of one or more subsidiary corporations and the;~~

~~(c) The debtors of one or more affiliated corporations, proprietors proprietorships, or partnerships if the business of the policyholder and of such the affiliated corporations, proprietors proprietorships, or partnerships is under common control through stock ownership, contract, or otherwise.~~

~~(b)(2) The premium for the policy shall be paid by the policyholder, either from the creditor's funds, or from charges collected from the insured debtors, or from both. A policy on which part or all of the premium is to be derived from the collection from the insured debtors of identifiable charges not required of uninsured debtors shall not include debtors under obligations outstanding at its date of issue without evidence of individual insurability unless at least seventy five per cent of the then eligible debtors elect to pay the required charges. A Except as provided in division (B)(3) of this section, a policy on which no part of the premium is to be derived from the collection of such identifiable charges must funds contributed by insured debtors specifically for the debtors' insurance shall insure all eligible debtors, or all except any.~~

~~(3) An insurer may exclude any debtor as to whom evidence of individual insurability is not satisfactory to the insurer.~~

~~(e) The policy may be issued only if the group of eligible debtors is then receiving new entrants at the rate of at least one hundred persons yearly, or may reasonably be expected to receive at least one hundred new entrants during the first policy year, and continues to receive not less than one hundred new entrants to the group yearly, and only if the policy reserves to the insurer the right to require evidence of individual insurability if less than seventy five per cent of the new entrants become insured. The policy may exclude from the classes eligible for insurance classes of debtors determined by age.~~

~~(d) The amount of insurance on the life of any debtor may be determined by the age of the debtor based upon a plan which will preclude individual selection and shall at no time exceed the amount owed by the~~

debtor that is repayable in installments to the creditor.

~~(c) The insurance shall be payable to the policyholder. Such payment shall reduce or extinguish the unpaid indebtedness of the debtor to the extent of such payment.~~

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

~~(6) Life insurance covering the members of any organization of agriculturists or horticulturists organized under the co-operative laws of this state, written under a policy issued to such co-operative association which is the employer for the purpose of such sections, the premium on which is to be paid by the association or by the association and its members jointly, and insuring all of its members who are actively engaged in agricultural or horticultural pursuits, for an amount of insurance based upon some plan which will preclude individual selection, and for the benefit of persons other than the association or its officials; provided that when the premium is to be paid by the corporation, association, or society and its members jointly and the benefits are offered to all eligible members, not less than seventy five per cent of such members may be insured; provided that when members apply and pay for additional amounts of insurance, a smaller percentage of members may be insured for such additional amounts if they pass satisfactory medical examinations or submit satisfactory evidence of insurability;~~

~~(7) Life insurance covering employees of a political subdivision or district of this state, or of an educational or other institution supported in whole or in part by public funds, or of any classes thereof, determined by conditions pertaining to employment, or of this state or any department or~~

~~division thereof, written under a policy issued to such political subdivision, district, or institution, or the proper official or board of this state or of such state department or division thereof, which is the employer for the purpose of such sections, the premium on which is to be paid by such employees, unless otherwise provided by law, charter, or ordinance, for the benefit of persons other than the employer; provided that when the benefits of the policy are offered to all eligible employees of a political subdivision or district of the state or of an educational or other institution supported in whole, or in part by public funds, or of this state or a state department or division thereof, not less than seventy five per cent of such employees may be insured; and provided that when employees apply and pay for additional amounts of insurance, a smaller percentage of employees may be insured for such additional amounts if they pass satisfactory medical examinations or submit satisfactory evidence of insurability; and provided that upon acquisition by a political subdivision of any privately owned property or enterprise, the employees of which have been covered by a group policy of life or other insurance as employees of such private employer, such political subdivision and insurance company may continue such contract in force upon similar conditions as the last preceding private employer;~~

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

~~(9) Life (4) The amount of insurance on the life of any debtor, at no time, shall exceed the greater of the scheduled or actual amount of unpaid indebtedness to the creditor, except that insurance written in connection with open-end credit having a credit limit exceeding ten thousand dollars may be in an amount not exceeding the credit limit.~~

~~(5) The insurance may be payable to the creditor or any successor to the right, title, and interest of the creditor. The payment shall reduce or extinguish the unpaid indebtedness of the debtor to the extent of the~~

payment and any excess of the insurance shall be payable to the estate of the insured.

(6) Notwithstanding divisions (B)(1) to (5) of this section, insurance on agricultural credit transaction commitments may be written up to the amount of the loan commitment on a nondecreasing or level term plan. Insurance on educational credit transaction commitments may be written up to the amount of the loan commitment less the amount of any repayments made on the loan.

(C) A life insurance policy issued to a labor union or similar employee organization, which union or organization shall be deemed the policyholder, to insure members of the union or organization for the benefit of persons other than the union or organization or any of its officials, representatives, or agents, subject to all of the following requirements:

(1) All of the members of the union or organization, or all of any class or classes of the members, are eligible for insurance under the policy.

(2) The premium for the policy is paid either from funds of the union or organization or from funds contributed by the insured members specifically for the members' insurance, or from both. Except as provided in division (C)(3) of this section, a policy on which no part of the premium is derived from funds contributed by the insured members specifically for the members' insurance shall insure all eligible members, except those members who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

(D) A life insurance policy issued to a trust or to the trustees of a trust fund established ~~jointly by one or more employers in the same industry, on the one hand, and~~ or adopted by two or more employees, or by one or more labor unions representing as bargaining agents employees of such employers, on the other hand, or by two or similar employee organizations, or by one or more employers in the same industry, or by two and one or more labor unions or similar employee organizations, which trust or trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions or similar employee organizations for the benefit of persons other than the employers or the unions or ~~the trustees~~ organizations, subject to the following requirements:

~~(a)~~(1) The persons eligible for such insurance shall be all of the employees of the employers, or all of the members of the unions or organizations, or all of any class of such employees determined by sex, age, or conditions pertaining to their employment, or to membership in the unions, or to any or all of them or classes of the employees or members. The

policy may provide that "employees" includes the ~~retired employees of the employer and the officers, managers, employees, and retired employees of one or more subsidiary or affiliated corporations and the employees, individual proprietors, and partners, employees, and retired employees of affiliated individuals and firms, when the business of such subsidiary or of one or more affiliated corporations, firms, or individuals is controlled by the common employer through stock ownership, contract, or otherwise proprietorships, or partnerships if the business of the employer and of the affiliated corporations, proprietorships, or partnerships is under common control.~~ The policy may provide that "employees" includes the individual proprietor or partners if the employer is an individual ~~proprietor proprietorship~~ or a partnership. The policy may provide that "employees" includes retired employees, former employees, and directors of a corporate employer. The policy may provide that "employees" includes the trustees or their employees, or both, if their duties are principally connected with ~~such the trusteeship.~~

~~(b)(2) The premium for the policy shall be paid by the trustees, either wholly from funds contributed by the employer or employers of the insured persons, or partly from such funds and partly from funds contributed by the insured employees. If part of the premium is to be derived from funds contributed by the insured employees, then such policy may be placed in force only if it covers at least seventy five per cent of the then eligible employees. A~~ or by the union or unions or similar employee organizations, or by both, or from funds contributed by the insured persons or from both the insured persons and the employers or unions or similar employee organizations. Except as provided in division (D)(3) of this section, a policy on which no part of the premium is derived from funds contributed by the insured employees persons specifically for their insurance must insure all eligible employees.

~~(c) Any policy must insure at least two persons at date of issue.~~

~~(d) The amounts of insurance under the policy must be based upon some plan precluding individual selection by the insured persons or the policyholder or the employers or the unions or the trustees.~~

~~(10) Life insurance covering the members of a credit union, which shall be deemed to be the employer for the purposes of this section, the premium on which is to be paid by the credit union or by the credit union and its members jointly, and insuring all of its eligible members for amounts of insurance not in excess of the share balance as to each member, and for the benefit of persons other than the credit union or its officers; provided that in the determination of the eligibility of members there may be classifications~~

~~and limitations based upon age; provided also that when the premium is to be paid by the credit union and its members jointly and the benefits are offered to all eligible members, not less than seventy five per cent of such members may be so insured; provided also that in obtaining such insurance, the officers of the credit union shall consider proposals from any licensed insurer; provided also that members may be required to provide evidence of insurability satisfactory to the insurer.~~

~~(11) Life insurance covering the members of any duly organized corporation or association of members of the Ohio national guard, the Ohio naval militia, and the Ohio military reserve, which shall have been in existence for at least two years immediately preceding the purchase of such insurance, written under a policy issued to such corporation or association, which corporation or association is the employer for the purpose of such sections, the premium on which is to be paid by the insured members, insuring members for amounts of insurance based upon some plan which will preclude individual selection, except as provided in this section, for the benefit of persons other than the corporation or association, provided that there must be at least fifty insured members in any group, and provided further that unless seventy five per cent of all members or one thousand members, whichever is the lesser number, are insured, each member must pass a satisfactory medical examination in order to be insured; and provided that, when members apply and pay for additional amounts of insurance, they may be insured for such additional amounts if they pass satisfactory medical examinations or submit satisfactory evidence of insurability persons, except those persons who reject the coverage in writing.~~

~~(3) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.~~

~~(E) A life insurance policy issued to an association or to a trust or the trustees of a fund established, created, or maintained for the benefit of members of one or more associations, which association, trust or trustee, or an agent, shall be deemed the policyholder, subject to all of the following requirements:~~

~~(1) The association or associations have at the outset a minimum of one hundred persons, have been organized and maintained in good faith for purposes other than that of obtaining insurance, have been in active existence for at least two years, and have a constitution and bylaws providing for all of the following:~~

~~(a) The association or associations shall hold regular meetings not less than annually to further purposes of the members.~~

~~(b) The association or associations, except for credit unions, shall~~

collect dues or solicit contributions from members.

(c) The members of the association or associations shall have voting privileges and representation on the governing board and committees.

(2) The policy is subject to all of the following requirements:

(a) The policy may insure one or more of the members of the association or associations, employees of the association or associations, or employees of members, or all of any class or classes of the employees or members of the association or associations, and employees of the members of the association or associations, for the benefit of persons other than an employee's employer.

(b) The premium for the policy is paid from funds contributed by the association or associations, or by employer members, or by both, or from funds contributed by the covered members or employees or from both the covered members and employees and the association, associations, or employer members.

(c) Except as provided in division (E)(3) of this section, a policy on which no part of the premium is derived from funds contributed by the covered members and employees specifically for the covered members' and employees' insurance shall insure all eligible members and employees, except those who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any member or employee as to whom evidence of individual insurance is not satisfactory to the insurer.

(F) A life insurance policy issued to a credit union or to a trustee or trustees or agent designated by two or more credit unions, which credit union, trustee, trustees, or agent shall be deemed the policyholder, to insure the members of the credit union or credit unions for the benefit of persons other than the credit union or credit unions, trust or trustees, or agents or officials of the credit union or credit unions or trust, subject to all of the following requirements:

(1) All of the members of the credit union or credit unions, or all of any class or classes of the members, are eligible for insurance.

(2) The premium for the policy is paid by the policyholder from the credit union's funds and except as provided in division (F)(3) of this section shall insure all eligible members.

(3) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

(12)(G) Life insurance that is written under a policy issued to a trustee under a trust established by an insurer for the purpose of providing continued group life insurance coverage to those former employees, former

members, or former members and the employees of such members, and their ~~spouses and dependent children~~ dependents, previously covered under policies of group life insurance issued by the insurer to employers or trustees pursuant to division (A) of this section, to associations pursuant to division ~~(B)(8)(D)~~ of this section, ~~or~~ to trustees pursuant to division ~~(B)(9)(E)~~ of this section, or to groups pursuant to division (I) of this section, and that is evidenced by the issuance of a certificate of insurance or other evidence of insurance to such former employees or members as required by section 3917.06 of the Revised Code; provided that the amount of the continued life insurance coverage made available to a former employee or member and to the employee's or member's ~~spouse and~~ dependents shall not exceed the amount of the group life insurance coverage previously provided to the employee or member and the employee's or member's eligible dependents at the time of the employee's separation from employment or the member's termination of membership.

~~(13)~~(H) Life insurance covering the members of a workforce actively engaged in an occupation for, and performing services on behalf of, a duly organized corporation, limited liability company, partnership, proprietor, or a similar organization; whose members are not employees of the organization, written under a policy issued to the organization, which organization is the ~~members'~~ employer for this purpose, the premium on which is to be paid by the organization or by the organization and the members jointly, insuring members for amounts of insurance based upon some plan ~~which will preclude individual selection~~, for the benefit of persons other than the organization; ~~provided, that when the premium is to be paid by the organization and its members jointly and the benefits are offered to all eligible members, not less than seventy five per cent of the members may be so insured~~; provided also that members may be required to furnish evidence of insurability satisfactory to the insurer. Life insurance meeting this definition may also cover the organization's employees at the option of the organization.

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

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

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

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

~~(4) Only one certificate need be issued for delivery to an insured employee or member if a statement concerning any dependent's coverage is included in such certificate.~~

(I)(1) A life insurance policy covering the members of a group other than one listed in divisions (A) to (H) of this section, subject to the superintendent finding all of the following:

(a) The issuance of the policy is not contrary to the best interest of the public.

(b) The issuance of the policy would result in economies of acquisition or administration.

(c) The policy provides benefits that are reasonable in relation to the premiums charged.

(2) An insurer shall not offer group life insurance in this state under a policy issued in another state unless the superintendent, or the insurance regulatory authority of another state with requirements substantially similar to the requirements set forth in division (I)(1) of this section, makes a determination that the requirements in division (I)(1) of this section have been met.

(3) The premium for a life insurance policy under this division is paid either from the policyholder's funds or from funds contributed by the insured members, or from both, and except as provided in division (I)(4) of this section, the policy must insure all eligible members except those members who reject the coverage in writing.

(4) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

Sec. 3917.02. (A) As used in this section:

(1) "Direct response solicitation" means a solicitation through a sponsoring or endorsing entity through the mail, telephone, or other mass communication media.

(2) "Sponsoring or endorsing entity" means an organization that has arranged for the offering of a program of insurance in a manner that

communicates that eligibility for participation in the program is dependent upon affiliation with the organization or that the organization encourages participation in the program.

(B) With respect to a program of life insurance that, if issued on a group basis, would not qualify as a policy of group life insurance under divisions (A) to (H) of section 3917.01 of the Revised Code, the insurer shall distribute a written notice to prospective insureds that compensation will or may be paid, if compensation of any kind will or may be paid, to one of the following persons:

(1) A policyholder, or sponsoring or endorsing entity, in the case of a group policy;

(2) A sponsoring or endorsing entity in the case of individual, blanket, or franchise policies marketed by means of a direct response solicitation.

(C) The insurer shall distribute the notice required by this section whether the potential compensation is direct or indirect and whether the compensation is paid to or retained by the policyholder or sponsoring or endorsing entity or paid to or retained by a third party, or an entity affiliated with the third party by way of ownership, contract, or employment, at the direction of the policyholder or sponsoring or endorsing entity.

(D) The notice required by this section shall be placed on or accompany an application or enrollment form provided to prospective insureds.

Sec. 3917.03. Any life insurance policy issued pursuant to section 3917.01 of the Revised Code, except for a policy issued pursuant to division (B) of section 3917.01 of the Revised Code, may be extended to insure an employee's dependents or member's dependents, as defined by the policy, or any class or classes of dependents, subject to the following:

(A) The premium for the insurance shall be paid either from the funds contributed by the employer, union, association, or other person to whom the policy has been issued, or from funds contributed by the covered persons, or from both. Except as provided in division (B) of this section, a policy on which no part of the premium for the dependent's coverage is derived from funds contributed by the covered persons shall insure the dependents of all eligible employees or members, or a class or classes of dependents.

(B) A life insurer may exclude or limit the coverage on any dependent as to whom evidence of individual insurability is not satisfactory to the insurer.

Sec. 3917.06. ~~No~~ Except as provided in division (M) of this section, no policy of group life insurance shall be ~~issued or~~ delivered in this state ~~until a~~ copy of its form has been filed with the superintendent of insurance and

~~formally approved by the superintendent; nor shall such policy be so issued or delivered unless it contains in substance the following provisions or other provisions, that in the opinion of the superintendent of insurance are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder:~~

(A) A provision that the policyholder is entitled to a grace period of thirty-one days for the payment of any premiums due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder has given the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy; the policy may provide that the policyholder is liable to the insurer for the payment of a pro rata premium for the time the policy was in force during such grace period;

(B) A provision that the policy is incontestable after two years from its date of issue, except for nonpayment of premiums ~~and except for violation of the conditions of the policy relating to military or naval service in time of war; No statement made by any individual insured under the policy relating to the individual's insurability shall be used in contesting the validity of the insurance, with respect to which the statement was made, that has been in force prior to the contest for a period of two years during the individual's life, unless the statement is contained in a written instrument signed by the individual. This division does not preclude the assertion at any time of defenses based upon provisions in the policy that relate to eligibility for coverage.~~

(C) A provision ~~requiring that the policy and a copy of the application submitted in connection therewith constitute the entire contract between the parties of the policyholder, if any, be attached to the policy when issued, and that all statements contained in such application are deemed, in the absence of fraud, made by the policyholder and individuals insured shall be deemed representations and not warranties, and that no such statement made by any person insured shall be used in defense to a claim under the policy, unless it is contained in a written application~~ any contest unless a copy of the instrument containing the statement is furnished to the insured, or in the event of the death or incapacity of the insured, to the insured's beneficiary or personal representative;

(D) A provision setting forth the conditions, if any, under which the insurer reserves the right to require an individual eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of the individual's coverage;

(E) A provision ~~for the~~ specifying an equitable adjustment of the

premium or ~~the amount of insurance payable~~ benefits, or both, to be made in the event of a misstatement of the age of an ~~employee or other person whose life is insured under a group life policy;~~

~~(E) Except in the case of a policy described in division (B)(4) of section 3917.01 of the Revised Code, a. The provision shall contain a clear statement of the method of adjustment.~~

(F) A provision requiring that any sum becoming due by reason of the death of the insured be payable to the beneficiary designated by the insured. However, if the policy contains conditions pertaining to family status, the beneficiary may be the family member specified by the policy terms, subject to the provisions of the policy in the event that there is no designated beneficiary living at the time of the death of the insured as to all or any part of the sum, and subject to any right reserved in the policy by the insurer and set forth in the certificate to pay, at the insurer's option, a part of the sum not exceeding two thousand dollars to any beneficiary that the insurer believes is equitably entitled to the amount by reason of having incurred funeral or other expenses incident to the last illness or death of the insured.

~~(G) A provision that the company insurer will issue to the policyholder for delivery to each person whose life is insured under such policy, an individual a certificate setting forth a statement as to the insurance protection to which the person is entitled, any dependent's coverage, to whom benefits are payable, together with and the rights and conditions set forth in divisions (H) to (K) of this section. The policyholder may issue a single certificate for delivery to an insured employee or member if a statement concerning any dependent's coverage is included in the certificate.~~

(H)(1) A provision to the effect that in case of if all or any part of the insurance on an insured or an insured's dependents ceases because of the termination of the employment for any reason or of membership in the class or classes eligible for insurance coverage under the policy, such person is entitled to have issued to the person by the company insurer, without evidence of insurability, and upon application made to the company an individual policy of life insurance without disability or supplementary benefits, provided that application for the individual policy is made, and the first premium is paid to the insurer, within thirty-one days after such termination, and upon the payment of the premium applicable to the class of risk to which the person belongs and to the form and amount of the policy at the person's then attained age, either a policy of life insurance in provided that all of the following conditions are met:

(a) The individual policy is on any one of the forms customarily issued by the company, except term insurance, in any amount not in excess of the

~~amount of the person's protection under the group insurance policy at the time of the termination, as the person elects or, if applicable, the coverage described in division (B)(12) of section 3917.01 of the Revised Code;~~

~~(F) insurer to that age and for the amount applied for, except that the group policy may exclude the option to elect term insurance.~~

~~(b) The individual policy is in an amount not in excess of the amount of life insurance that ceases because of termination, less the amount of any life insurance for which the person is eligible under the same or any other group policy within thirty-one days after termination, provided that any amount of life insurance that matures on or before the date of termination as an endowment payable to the insured, whether in one sum, installments, or in the form of an annuity, shall not, for purposes of this division, be included in the amount that is considered to cease because of termination.~~

~~(c) The premium on the individual policy is set at the insurer's then customary rate applicable to the form and amount of the individual policy, the individual's class of risk, and the individual's age as of the effective date of the individual policy.~~

~~(2) Subject to the conditions set forth in division (H)(1) of this section, the conversion privilege is available to the following individuals:~~

~~(a) A surviving dependent, if any, at the death of the employee or member, with respect to the coverage under the group policy that terminates by reason of the employee's or member's death;~~

~~(b) A dependent of an employee or member upon termination of the dependent's coverage, while the employee or member remains insured under the group policy, by reason of the dependent ceasing to be a dependent under the group policy.~~

~~(3) If the individual is not given notice of the right to obtain individual coverage under this division at least fifteen days prior to the expiration of the thirty-one-day conversion period provided by division (H)(1) of this section then the individual shall have an additional period to exercise that right. This additional period shall extend for fifteen days after the individual is given notice, but in no event shall the period extend beyond sixty days after the expiration date of the period provided in the policy. Written notice provided to the individual or mailed by the policyholder to the last known address of the individual, or mailed by the insurer to the last known address of the individual furnished to the insurer by the policyholder, constitutes notice for purposes of this division.~~

~~(4) Nothing contained in the division shall be construed to continue any insurance beyond the expiration date of the period provided in the policy.~~

~~(I) A provision that if the group policy terminates or is amended so as to~~

terminate the insurance of any class of insured persons, every person insured thereunder at the date of such termination whose insurance terminates, including an insured's dependent, and who has been so insured for at least five years prior to such termination date is entitled to have issued ~~to the person~~ by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by division ~~(E)~~(H) of this section, except that the group policy may provide that the amount of such individual policy shall not exceed the smaller of (1) the amount of the person's life insurance ~~protection~~ ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which the person is or becomes eligible under any group policy issued or reinstated by the same or another insurer within thirty-one days after such termination, and (2) ~~two~~ ten thousand dollars;

~~(G)~~(J) A provision that if a person insured under the group policy, or an insured's dependent, dies during the period within which the person would have been entitled to have an individual policy issued ~~to the person~~ in accordance with division ~~(E)~~(H) or ~~(F)~~(I) of this section, and before such an individual policy has become effective, the amount of life insurance which the person would have been entitled to have issued ~~to the person~~ under such individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made;

~~(H)~~ A provision that ~~to the group or class of persons originally insured there shall be added from time to time all new employees of the employer or other persons eligible to insurance in such group or class;~~

~~(I)~~ In the case of a policy issued to a labor union covering all members of the union, a notice that the annual renewable term premium depends upon the attained ages of the members in the group and increases with advancing ages.

~~Policies of group life insurance, when issued in this state by any company not organized under the laws of this state, may contain, when issued, any provision required by the law of the state, territory, or district of the United States under which the company is organized; and policies issued in other states or countries by companies organized in this state, may contain any provision required or permitted by the laws of the state, territory, district, or country in which the same are issued. Any such policy may be issued or delivered in this state which in the opinion of the superintendent contains provisions on any one or more of the requirements of this section more favorable to the policyholder or to the person whose life is insured under such policy than such requirements.~~

~~The group life insurance policy together with any application in connection therewith shall be available for inspection during regular business hours at the office of the policyholder where such policy is on file, by any beneficiary thereunder or by an authorized representative of such beneficiary.~~

~~Except as provided in sections 3917.01 to 3917.06 of the Revised Code, no contract of life insurance shall be made covering a group in this state.~~

~~(K) Where active employment is a condition of insurance, a provision that an insured may continue coverage during the insured's total disability by timely payment to the policyholder of that portion, if any, of the premium that would have been required from the insured if the insured's total disability had not occurred. The continuation shall be on a premium basis for a period of six months after the date on which the insured's total disability started, but not later than the earlier of either of the following:~~

~~(1) The insurer approving of continuation of the coverage under any disability provision that the group policy may contain;~~

~~(2) The discontinuance of the group life insurance policy.~~

~~(L) In the case of a life insurance policy insuring the lives of debtors, a provision requiring that the insurer furnish to the policyholder for delivery to each debtor insured under the policy a certificate of insurance describing the coverage and specifying that the death benefit first be applied to reduce or extinguish the debtor's unpaid indebtedness.~~

~~(M)(1) Divisions (F) to (K) of this section do not apply to group policies insuring the lives of debtors.~~

~~(2) With the exception of division (K) of section 3915.05 and section 3915.052 of the Revised Code, Chapter 3915. of the Revised Code does not apply to group policies.~~

~~(3) If a group policy is other than a term plan of insurance, the policy shall contain a nonforfeiture provision or provisions, which, in the opinion of the superintendent, are equitable to the insureds and the policyholder. Nothing in this division shall be construed to require group life insurance policies to contain the same nonforfeiture provisions as are required for individual life insurance policies.~~

~~(4)(a) If a group policy is other than a term plan of insurance the policy shall contain a policy loan provision authorizing insureds to borrow upon the policy, unless the loan value of certificates issued under the policy is established by federal law. The policy loan provision may include one or more of the following conditions:~~

~~(i) The borrower has held a certificate under the policy for a minimum period, not to exceed three years;~~

(ii) No premium on the policy is in default beyond the grace period for payment;

(iii) A minimum loan amount, not to exceed one thousand dollars;

(iv) The borrower accepts an adjustable interest rate charge, not to exceed two per cent above the rate used to compute the cash surrender value.

(b) For purposes of the policy loan provision, the loan value of a certificate shall equal one of the following:

(i) Ninety per cent of the cash surrender value of the certificate at the time that the loan is made, less any outstanding indebtedness including any unpaid interest not already deducted;

(ii) The cash surrender value of the certificate at the time that the loan is made, less any outstanding indebtedness including any unpaid interest not already deducted, less the amount needed to pay the certificate's cost of insurance charges and expenses for as long as three months after the time that the loan is made.

Sec. 3917.07. No provision in section 3917.06 of the Revised Code shall prohibit a person whose life is insured under any such policy of group life insurance from making an assignment of all or any part of ~~his~~ the person's incidents of ownership under such policy including specifically, but not by way of limitation, any right to designate a beneficiary or beneficiaries thereunder and any right to have an individual policy issued to ~~him~~ the person in accordance with division ~~(E)~~(H) or ~~(F)~~(I) of section 3917.06 of the Revised Code. Subject to the terms of the policy relating to assignment of incidents of ownership thereunder, such an assignment by an insured, made either before or after the effective date of this section, is valid for the purpose of vesting in the assignee, in accordance with any provisions included therein as to the time at which it is to be effective, all of such incidents of ownership so assigned, but without prejudice to the insurer on account of any payment it may make or individual policy it may issue in accordance with division ~~(E)~~(H) or ~~(F)~~(I) of section 3917.06 of the Revised Code prior to receipt of notice of the assignment.

SECTION 2. That existing sections 9.90, 1751.12, 3917.01, 3917.06, and 3917.07 and section 3917.03 of the Revised Code are hereby repealed.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

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

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ___ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____