

# As Reported by the House Insurance Committee

126th General Assembly

Regular Session

2005-2006

Sub. H. B. No. 193

Representatives Daniels, G. Smith, Fessler, Combs, Wolpert, C. Evans,  
Martin, Gibbs, D. Evans, Setzer, Barrett, Perry, DeBose, Boccieri, Hughes,  
Koziura

—

## A BILL

To amend sections 9.90, 3917.01, 3917.06, and 1  
3917.07, to enact new section 3917.03 and section 2  
3917.02, and to repeal section 3917.03 of the 3  
Revised Code to permit the sale of group life 4  
insurance to specified groups and provide the 5  
Superintendent of Insurance with the discretion to 6  
authorize the sale of group life insurance to 7  
additional groups. 8

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

**Section 1.** That sections 9.90, 3917.01, 3917.06, and 3917.07 9  
be amended and new section 3917.03 and section 3917.02 of the 10  
Revised Code be enacted to read as follows: 11

**Sec. 9.90.** (A) The governing board of any public institution 12  
of higher education, including without limitation state 13  
universities and colleges, community college districts, university 14  
branch districts, technical college districts, and municipal 15  
universities, or the board of education of any school district, 16  
may, in addition to all other powers provided in the Revised Code: 17

(1) Contract for, purchase, or otherwise procure from an 18

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 51  
therefor may be paid in such other manner or combination of 52  
manners as the governing board or the school board may determine, 53  
including direct payment by the employee in cases under division 54  
(A)(1) of this section, and, if authorized in writing by the 55  
employee in cases under division (A)(1) or (2) of this section, by 56  
such governing board or school board with moneys made available by 57  
deduction from or reduction in salary or wages or by the foregoing 58  
of a salary or wage increase. ~~Division (B)(7) of~~ Nothing in 59  
~~section 3917.01 and the last paragraph of or~~ section 3917.06 of 60  
the Revised Code shall ~~not~~ prohibit the issuance or purchase of 61  
group life insurance authorized by this section by reason of 62  
payment of premiums therefor by the governing board or the school 63  
board from its funds, and such group life insurance may be so 64  
issued and purchased if otherwise consistent with the provisions 65  
of sections 3917.01 to 3917.07 of the Revised Code. 66

**Sec. 3917.01.** ~~(A) Group life insurance is that form of life~~ 67  
~~insurance covering not less than two employees with or without~~ 68  
~~medical examination, written under a~~ As used in sections 3917.01 69  
to 3917.06 of the Revised Code, the following forms of life 70  
insurance are group life insurance: 71

(A) A life insurance policy issued to the an employer, or to 72  
a trustee the trustees of a trust created fund established by such 73  
an employer, the premium on which is to be paid by the employer, 74  
by the employer and employees jointly, or by such trustee out of 75  
funds contributed by the employer or by the employer and employees 76  
jointly, and insuring only all of the employer's employees or all 77  
of any classes thereof, determined by sex, age, or conditions 78  
pertaining to the employment, for amounts of insurance based upon 79  
some plan which will preclude individual selection, which employer 80  
or trustees shall be deemed the policyholder, to insure employees 81

of the employer for the benefit of persons other than the 82  
employer; but when the premium is to be paid by the employer and 83  
employee jointly and the benefits of the policy are offered to all 84  
eligible employees, not less than seventy-five per cent of such 85  
employees may be so insured. Such group, subject to all of the 86  
following requirements: 87

(1) All of the employees of the employer, or all of any class 88  
or classes of employees, are eligible for life insurance. The 89  
policy may provide that "employees" includes the employees of one 90  
or more subsidiary corporations and the employees, individual 91  
proprietors, and partners of one or more affiliated corporations, 92  
proprietorships, or partnerships if the business of the employer 93  
and the affiliated corporations, proprietorships, or partnerships 94  
is under common control. The policy may provide that "employees" 95  
includes retired employees of the employer and the officers, 96  
managers, former employees, and retired employees of subsidiary or 97  
affiliated corporations and the individual proprietors, partners, 98  
employees, and retired employees of affiliated individuals and 99  
firms, when the business of such subsidiary or affiliated 100  
corporations, firms, or individuals is controlled by the common 101  
employer through stock ownership, contract, or otherwise. This 102  
section does not define as a group the lives covered by a policy 103  
issued on more than one life which provides for payments upon the 104  
death of any one or more or upon the death of each of the lives so 105  
insured, and upon which the premium rates charged are computed on 106  
the same basis as used by the issuing company on single life 107  
policies and upon its regular forms of insurance. 108

(B) As used in sections 3917.01 to 3917.06 of the Revised 109  
Code, the following forms of life insurance are group life 110  
insurance: 111

(1) Life insurance covering the members of one or more 112  
companies, batteries, troops, battalions, divisions, or other 113

~~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;~~

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~~(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;~~

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~~(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~~

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~~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~~ 177  
~~obligation to repay that is binding upon the debtor during the~~ 178  
~~debtor's lifetime at and from the date the insurance becomes~~ 179  
~~effective upon the debtor's life or creditors, or all of any class~~ 180  
~~or classes of the debtors.~~ The policy may provide that "debtors" 181  
includes the all of the following: 182

(a) Borrowers of money or purchasers or lessees of goods, 183  
services, or property for which payment is arranged through a 184  
credit transaction; 185

(b) The debtors of one or more subsidiary corporations ~~and~~ 186  
~~the;~~ 187

(c) The debtors of one or more affiliated corporations, 188  
~~proprietors proprietorships,~~ or partnerships if the business of 189  
the policyholder and of ~~such the~~ affiliated corporations, 190  
~~proprietors proprietorships,~~ or partnerships is under common 191  
control ~~through stock ownership, contract, or otherwise.~~ 192

~~(b)(2)~~ The premium for the policy shall be paid ~~by the~~ 193  
~~policyholder,~~ either from the creditor's funds, or from charges 194  
collected from the insured debtors, or from both. ~~A policy on~~ 195  
~~which part or all of the premium is to be derived from the~~ 196  
~~collection from the insured debtors of identifiable charges not~~ 197  
~~required of uninsured debtors shall not include debtors under~~ 198  
~~obligations outstanding at its date of issue without evidence of~~ 199  
~~individual insurability unless at least seventy five per cent of~~ 200  
~~the then eligible debtors elect to pay the required charges. A~~ 201  
Except as provided in division (B)(3) of this section, a policy on 202  
which no part of the premium is ~~to be~~ derived from the ~~collection~~ 203  
~~of such identifiable charges must~~ funds contributed by insured 204  
debtors specifically for the debtors' insurance shall insure all 205  
eligible debtors, ~~or all except any.~~ 206

(3) An insurer may exclude any debtor as to whom evidence of 207

individual insurability is not satisfactory to the insurer. 208

~~(c) The policy may be issued only if the group of eligible 209  
debtors is then receiving new entrants at the rate of at least one 210  
hundred persons yearly, or may reasonably be expected to receive 211  
at least one hundred new entrants during the first policy year, 212  
and continues to receive not less than one hundred new entrants to 213  
the group yearly, and only if the policy reserves to the insurer 214  
the right to require evidence of individual insurability if less 215  
than seventy five per cent of the new entrants become insured. The 216  
policy may exclude from the classes eligible for insurance classes 217  
of debtors determined by age. 218~~

~~(d) The amount of insurance on the life of any debtor may be 219  
determined by the age of the debtor based upon a plan which will 220  
preclude individual selection and shall at no time exceed the 221  
amount owed by the debtor that is repayable in installments to the 222  
creditor. 223~~

~~(e) The insurance shall be payable to the policyholder. Such 224  
payment shall reduce or extinguish the unpaid indebtedness of the 225  
debtor to the extent of such payment. 226~~

~~(5) Life insurance covering the members of any duly organized 227  
corporation or association of veterans or veteran society or 228  
association of the World War veterans, written under a policy 229  
issued to such corporation, association, or society which is the 230  
employer for the purpose of such sections, the premium on which is 231  
to be paid by the corporation, association, society, and its 232  
members jointly, and insuring all of its members who are actively 233  
engaged in any occupation for amounts of insurance based upon some 234  
plan which will preclude individual selection for the benefit of 235  
persons other than the corporation, association, or society or its 236  
officials; provided that when the premium is to be paid by the 237  
corporation, association, or society and its members jointly and 238  
the benefits are offered to all eligible members, not less than 239~~



~~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;~~

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~~(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;~~

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~~(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,~~

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~~the premium on which is to be paid by such employees, unless~~ 272  
~~otherwise provided by law, charter, or ordinance, for the benefit~~ 273  
~~of persons other than the employer; provided that when the~~ 274  
~~benefits of the policy are offered to all eligible employees of a~~ 275  
~~political subdivision or district of the state or of an~~ 276  
~~educational or other institution supported in whole, or in part by~~ 277  
~~public funds, or of this state or a state department or division~~ 278  
~~thereof, not less than seventy five per cent of such employees may~~ 279  
~~be insured; and provided that when employees apply and pay for~~ 280  
~~additional amounts of insurance, a smaller percentage of employees~~ 281  
~~may be insured for such additional amounts if they pass~~ 282  
~~satisfactory medical examinations or submit satisfactory evidence~~ 283  
~~of insurability; and provided that upon acquisition by a political~~ 284  
~~subdivision of any privately owned property or enterprise, the~~ 285  
~~employees of which have been covered by a group policy of life or~~ 286  
~~other insurance as employees of such private employer, such~~ 287  
~~political subdivision and insurance company may continue such~~ 288  
~~contract in force upon similar conditions as the last preceding~~ 289  
~~private employer;~~ 290

~~(8) Life insurance covering the members, or the members and~~ 291  
~~the employees of members of any duly organized association, other~~ 292  
~~than an association subject to any other provision of this~~ 293  
~~division, written under a policy issued to such association, which~~ 294  
~~association is the employer for the purpose of such sections, the~~ 295  
~~premium on which is to be paid by the insured members or their~~ 296  
~~employees, insuring members and their employees for amounts of~~ 297  
~~insurance based upon some plan which will preclude individual~~ 298  
~~selection except as provided in this section, for the benefit of~~ 299  
~~persons other than the association; provided the association has~~ 300  
~~been in existence for at least two years immediately preceding the~~ 301  
~~purchase of the insurance; provided that there must be at least~~ 302  
~~fifty insured members in any group; and provided that the~~ 303

~~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 367  
~~corporations, firms, or individuals is controlled by the common~~ 368  
~~employer through stock ownership, contract, or otherwise~~ 369  
proprietorships, or partnerships if the business of the employer 370  
and of the affiliated corporations, proprietorships, or 371  
partnerships is under common control. The policy may provide that 372  
"employees" includes the individual proprietor or partners if the 373  
employer is an individual ~~proprietor~~ proprietorship or a 374  
partnership. The policy may provide that "employees" includes 375  
retired employees, former employees, and directors of a corporate 376  
employer. The policy may provide that "employees" includes the 377  
trustees or their employees, or both, if their duties are 378  
principally connected with ~~such~~ the trusteeship. 379

~~(b)(2)~~ The premium for the policy shall be paid ~~by the~~ 380  
~~trustees, either wholly~~ from funds contributed by the employer or 381  
~~employers of the insured persons, or partly from such funds and~~ 382  
~~partly from funds contributed by the insured employees. If part of~~ 383  
~~the premium is to be derived from funds contributed by the insured~~ 384  
~~employees, then such policy may be placed in force only if it~~ 385  
~~covers at least seventy five per cent of the then eligible~~ 386  
~~employees. A~~ or by the union or unions or similar employee 387  
organizations, or by both, or from funds contributed by the 388  
insured persons or from both the insured persons and the employers 389  
or unions or similar employee organizations. Except as provided in 390  
division (D)(3) of this section, a policy on which no part of the 391  
premium is derived from funds contributed by the insured ~~employees~~ 392  
persons specifically for their insurance must insure all eligible 393  
~~employees.~~ 394

~~(c) Any policy must insure at least two persons at date of~~ 395  
~~issue.~~ 396

~~(d) The amounts of insurance under the policy must be based~~ 397  
~~upon some plan precluding individual selection by the insured~~ 398

persons or the policyholder or the employers or the unions or the  
trustees. 399  
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~~(10) Life insurance covering the members of a credit union,~~ 401  
~~which shall be deemed to be the employer for the purposes of this~~ 402  
~~section, the premium on which is to be paid by the credit union or~~ 403  
~~by the credit union and its members jointly, and insuring all of~~ 404  
~~its eligible members for amounts of insurance not in excess of the~~ 405  
~~share balance as to each member, and for the benefit of persons~~ 406  
~~other than the credit union or its officers; provided that in the~~ 407  
~~determination of the eligibility of members there may be~~ 408  
~~classifications and limitations based upon age; provided also that~~ 409  
~~when the premium is to be paid by the credit union and its members~~ 410  
~~jointly and the benefits are offered to all eligible members, not~~ 411  
~~less than seventy five per cent of such members may be so insured;~~ 412  
~~provided also that in obtaining such insurance, the officers of~~ 413  
~~the credit union shall consider proposals from any licensed~~ 414  
~~insurer; provided also that members may be required to provide~~ 415  
~~evidence of insurability satisfactory to the insurer.~~ 416

~~(11) Life insurance covering the members of any duly~~ 417  
~~organized corporation or association of members of the Ohio~~ 418  
~~national guard, the Ohio naval militia, and the Ohio military~~ 419  
~~reserve, which shall have been in existence for at least two years~~ 420  
~~immediately preceding the purchase of such insurance, written~~ 421  
~~under a policy issued to such corporation or association, which~~ 422  
~~corporation or association is the employer for the purpose of such~~ 423  
~~sections, the premium on which is to be paid by the insured~~ 424  
~~members, insuring members for amounts of insurance based upon some~~ 425  
~~plan which will preclude individual selection, except as provided~~ 426  
~~in this section, for the benefit of persons other than the~~ 427  
~~corporation or association, provided that there must be at least~~ 428  
~~fifty insured members in any group, and provided further that~~ 429  
~~unless seventy five per cent of all members or one thousand~~ 430

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. 492

(2) The premium for the policy is paid by the policyholder 493  
from the credit union's funds and except as provided in division 494  
(F)(3) of this section shall insure all eligible members. 495

(3) An insurer may exclude or limit the coverage on any 496  
member as to whom evidence of individual insurability is not 497  
satisfactory to the insurer. 498

~~(12)~~(G) Life insurance that is written under a policy issued 499  
to a trustee under a trust established by an insurer for the 500  
purpose of providing continued group life insurance coverage to 501  
those former employees, former members, or former members and the 502  
employees of such members, and their ~~spouses and dependent~~ 503  
~~children~~ dependents, previously covered under policies of group 504  
life insurance issued by the insurer to employers or trustees 505  
pursuant to division (A) of this section, to associations pursuant 506  
to division ~~(B)(8)~~(D) of this section, ~~or~~ to trustees pursuant to 507  
division ~~(B)(9)~~(E) of this section, or to groups pursuant to 508  
division (I) of this section, and that is evidenced by the 509  
issuance of a certificate of insurance or other evidence of 510  
insurance to such former employees or members as required by 511  
section 3917.06 of the Revised Code; provided that the amount of 512  
the continued life insurance coverage made available to a former 513  
employee or member and to the employee's or member's ~~spouse and~~ 514  
dependents shall not exceed the amount of the group life insurance 515  
coverage previously provided to the employee or member and the 516  
employee's or member's eligible dependents at the time of the 517  
employee's separation from employment or the member's termination 518  
of membership. 519

~~(13)~~(H) Life insurance covering the members of a workforce 520  
actively engaged in an occupation for, and performing services on 521  
behalf of, a duly organized corporation, limited liability 522

company, partnership, proprietor, or a similar organization, whose 523  
members are not employees of the organization, written under a 524  
policy issued to the organization, which organization is the 525  
~~members'~~ employer for this purpose, the premium on which is to be 526  
paid by the organization or by the organization and the members 527  
jointly, insuring members for amounts of insurance based upon some 528  
plan ~~which will preclude individual selection,~~ for the benefit of 529  
persons other than the organization; ~~provided, that when the~~ 530  
~~premium is to be paid by the organization and its members jointly~~ 531  
~~and the benefits are offered to all eligible members, not less~~ 532  
~~than seventy five per cent of the members may be so insured;~~ 533  
provided also that members may be required to furnish evidence of 534  
insurability satisfactory to the insurer. Life insurance meeting 535  
this definition may also cover the organization's employees at the 536  
option of the organization. 537

~~(C) Any policy issued pursuant to this section, except a 538  
policy issued to a creditor pursuant to division (B)(4) of this 539  
section, may be extended, in the form of group term life insurance 540  
only, to insure the spouse and dependent children of an insured 541  
employee or member, or any class or classes thereof, subject to 542  
the following requirements:~~ 543

~~(1) The premiums for the group term life insurance shall be 544  
paid by the policyholder, either from the employer, union or 545  
association funds, or from funds contributed by the employer, 546  
union, or association, or from funds contributed by the insured 547  
employee or member, or from both.~~ 548

~~(2) The amounts of insurance under the policy must be based 549  
upon some plan precluding individual selection either by the 550  
insured employee or member or by the policyholder.~~ 551

~~(3) Upon termination of the group term life insurance with 552  
respect to the spouse of any insured employee or member by reason 553  
of such person's termination of employment or membership or death,~~ 554

~~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.~~

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~~(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.~~

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(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:

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

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

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

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(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.

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(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.

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(4) An insurer may exclude or limit the coverage on any

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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 615  
accompany an application or enrollment form provided to 616  
prospective insureds. 617

**Sec. 3917.03.** Any life insurance policy issued pursuant to 618  
section 3917.01 of the Revised Code, except for a policy issued 619  
pursuant to division (B) of section 3917.01 of the Revised Code, 620  
may be extended to insure an employee's dependents or member's 621  
dependents, as defined by the policy, or any class or classes of 622  
dependents, subject to the following: 623

(A) The premium for the insurance shall be paid either from 624  
the funds contributed by the employer, union, association, or 625  
other person to whom the policy has been issued, or from funds 626  
contributed by the covered persons, or from both. Except as 627  
provided in division (B) of this section, a policy on which no 628  
part of the premium for the dependent's coverage is derived from 629  
funds contributed by the covered persons shall insure the 630  
dependents of all eligible employees or members, or a class or 631  
classes of dependents. 632

(B) A life insurer may exclude or limit the coverage on any 633  
dependent as to whom evidence of individual insurability is not 634  
satisfactory to the insurer. 635

**Sec. 3917.06.** ~~No~~ Except as provided in division (M) of this 636  
section, no policy of group life insurance shall be ~~issued or~~ 637  
delivered in this state ~~until a copy of its form has been filed~~ 638  
~~with the superintendent of insurance and formally approved by the~~ 639  
~~superintendent; nor shall such policy be so issued or delivered~~ 640  
unless it contains in substance the following provisions or other 641  
provisions, that in the opinion of the superintendent of insurance 642  
are more favorable to the persons insured, or at least as 643  
favorable to the persons insured and more favorable to the 644

policyholder:

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(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;

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(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.

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(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~~

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any contest unless a copy of the instrument containing the 677  
statement is furnished to the insured, or in the event of the 678  
death or incapacity of the insured, to the insured's beneficiary 679  
or personal representative; 680

(D) A provision setting forth the conditions, if any, under 681  
which the insurer reserves the right to require an individual 682  
eligible for insurance to furnish evidence of individual 683  
insurability satisfactory to the insurer as a condition to part or 684  
all of the individual's coverage; 685

~~(E) A provision for the specifying an equitable adjustment of~~ 686  
~~the premium or the amount of insurance payable benefits, or both,~~ 687  
~~to be made~~ in the event of a misstatement of the age of an 688  
~~employee or other person whose life is insured under a group life~~ 689  
~~policy;~~ 690

~~(E) Except in the case of a policy described in division~~ 691  
~~(B)(4) of section 3917.01 of the Revised Code, a. The provision~~ 692  
~~shall contain a clear statement of the method of adjustment.~~ 693

(F) A provision requiring that any sum becoming due by reason 694  
of the death of the insured be payable to the beneficiary 695  
designated by the insured. However, if the policy contains 696  
conditions pertaining to family status, the beneficiary may be the 697  
family member specified by the policy terms, subject to the 698  
provisions of the policy in the event that there is no designated 699  
beneficiary living at the time of the death of the insured as to 700  
all or any part of the sum, and subject to any right reserved in 701  
the policy by the insurer and set forth in the certificate to pay, 702  
at the insurer's option, a part of the sum not exceeding two 703  
thousand dollars to any beneficiary that the insurer believes is 704  
equitably entitled to the amount by reason of having incurred 705  
funeral or other expenses incident to the last illness or death of 706  
the insured. 707

(G) ~~A provision that the company insurer will issue to the~~ 708  
~~policyholder for delivery to each person whose life is insured~~ 709  
~~under such policy, an individual~~ a certificate setting forth a 710  
statement as to the insurance protection to which the person is 711  
entitled, any dependent's coverage, to whom benefits are payable, 712  
~~together with~~ and the rights and conditions set forth in divisions 713  
(H) to (K) of this section. The policyholder may issue a single 714  
certificate for delivery to an insured employee or member if a 715  
statement concerning any dependent's coverage is included in the 716  
certificate. 717

(H)(1) ~~A provision to the effect that in case of if all or~~ 718  
~~any part of the insurance on an insured or an insured's dependents~~ 719  
~~ceases because of~~ the termination of the employment for any reason 720  
or of membership in the class or classes eligible for insurance 721  
coverage under the policy, such person is entitled to have issued 722  
to the person by the company insurer, without evidence of 723  
insurability, and upon application made to the company an 724  
individual policy of life insurance without disability or 725  
supplementary benefits, provided that application for the 726  
individual policy is made, and the first premium is paid to the 727  
insurer, within thirty-one days after such termination, and upon 728  
~~the payment of the premium applicable to the class of risk to~~ 729  
~~which the person belongs and to the form and amount of the policy~~ 730  
~~at the person's then attained age, either a policy of life~~ 731  
~~insurance in~~ provided that all of the following conditions are 732  
met: 733

(a) The individual policy is on any one of the forms 734  
~~customarily issued by the company, except term insurance, in any~~ 735  
~~amount not in excess of the amount of the person's protection~~ 736  
~~under the group insurance policy at the time of the termination,~~ 737  
~~as the person elects or, if applicable, the coverage described in~~ 738  
~~division (B)(12) of section 3917.01 of the Revised Code;~~ 739



(F) insurer to that age and for the amount applied for, 740  
except that the group policy may exclude the option to elect term 741  
insurance. 742

(b) The individual policy is in an amount not in excess of 743  
the amount of life insurance that ceases because of termination, 744  
less the amount of any life insurance for which the person is 745  
eligible under the same or any other group policy within 746  
thirty-one days after termination, provided that any amount of 747  
life insurance that matures on or before the date of termination 748  
as an endowment payable to the insured, whether in one sum, 749  
installments, or in the form of an annuity, shall not, for 750  
purposes of this division, be included in the amount that is 751  
considered to cease because of termination. 752

(c) The premium on the individual policy is set at the 753  
insurer's then customary rate applicable to the form and amount of 754  
the individual policy, the individual's class of risk, and the 755  
individual's age as of the effective date of the individual 756  
policy. 757

(2) Subject to the conditions set forth in division (H)(1) of 758  
this section, the conversion privilege is available to the 759  
following individuals: 760

(a) A surviving dependent, if any, at the death of the 761  
employee or member, with respect to the coverage under the group 762  
policy that terminates by reason of the employee's or member's 763  
death; 764

(b) A dependent of an employee or member upon termination of 765  
the dependent's coverage, while the employee or member remains 766  
insured under the group policy, by reason of the dependent ceasing 767  
to be a dependent under the group policy. 768

(3) If the individual is not given notice of the right to 769  
obtain individual coverage under this division at least fifteen 770

771 days prior to the expiration of the thirty-one-day conversion  
772 period provided by division (H)(1) of this section then the  
773 individual shall have an additional period to exercise that right.  
774 This additional period shall extend for fifteen days after the  
775 individual is given notice, but in no event shall the period  
776 extend beyond sixty days after the expiration date of the period  
777 provided in the policy. Written notice provided to the individual  
778 or mailed by the policyholder to the last known address of the  
779 individual, or mailed by the insurer to the last known address of  
780 the individual furnished to the insurer by the policyholder,  
781 constitutes notice for purposes of this division.

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

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

801 ~~(G)~~(J) A provision that if a person insured under the group  
802 policy, or an insured's dependent, dies during the period within

which the person would have been entitled to have an individual 803  
policy issued ~~to the person~~ in accordance with division ~~(E)~~(H) or 804  
~~(F)~~(I) of this section, and before such an individual policy has 805  
become effective, the amount of life insurance which the person 806  
would have been entitled to have issued ~~to the person~~ under such 807  
individual policy shall be payable as a claim under the group 808  
policy, whether or not application for the individual policy or 809  
the payment of the first premium therefor has been made; 810

~~(H) A provision that to the group or class of persons 811  
originally insured there shall be added from time to time all new 812  
employees of the employer or other persons eligible to insurance 813  
in such group or class; 814~~

~~(I) In the case of a policy issued to a labor union covering 815  
all members of the union, a notice that the annual renewable term 816  
premium depends upon the attained ages of the members in the group 817  
and increases with advancing ages. 818~~

~~Policies of group life insurance, when issued in this state 819  
by any company not organized under the laws of this state, may 820  
contain, when issued, any provision required by the law of the 821  
state, territory, or district of the United States under which the 822  
company is organized; and policies issued in other states or 823  
countries by companies organized in this state, may contain any 824  
provision required or permitted by the laws of the state, 825  
territory, district, or country in which the same are issued. Any 826  
such policy may be issued or delivered in this state which in the 827  
opinion of the superintendent contains provisions on any one or 828  
more of the requirements of this section more favorable to the 829  
policyholder or to the person whose life is insured under such 830  
policy than such requirements. 831~~

~~The group life insurance policy together with any application 832  
in connection therewith shall be available for inspection during 833  
regular business hours at the office of the policyholder where 834~~

~~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. 895

**Sec. 3917.07.** No provision in section 3917.06 of the Revised 896  
Code shall prohibit a person whose life is insured under any such 897  
policy of group life insurance from making an assignment of all or 898  
any part of ~~his~~ the person's incidents of ownership under such 899  
policy including specifically, but not by way of limitation, any 900  
right to designate a beneficiary or beneficiaries thereunder and 901  
any right to have an individual policy issued to ~~him~~ the person in 902  
accordance with division ~~(E)~~(H) or ~~(F)~~(I) of section 3917.06 of 903  
the Revised Code. Subject to the terms of the policy relating to 904  
assignment of incidents of ownership thereunder, such an 905  
assignment by an insured, made either before or after the 906  
effective date of this section, is valid for the purpose of 907  
vesting in the assignee, in accordance with any provisions 908  
included therein as to the time at which it is to be effective, 909  
all of such incidents of ownership so assigned, but without 910  
prejudice to the insurer on account of any payment it may make or 911  
individual policy it may issue in accordance with division ~~(E)~~(H) 912  
or ~~(F)~~(I) of section 3917.06 of the Revised Code prior to receipt 913  
of notice of the assignment. 914

**Section 2.** That existing sections 9.90, 3917.01, 3917.06, and 915  
3917.07 and section 3917.03 of the Revised Code are hereby 916  
repealed. 917