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A B I L L

To amend sections 3905.29, 3905.421, 3907.15, 1
3917.01, 3917.06, 3939.01, 3939.06, 3939.07, 2
3939.09, and 3941.27 and to enact sections 3
3905.423, 3905.424, and 3939.11 of the Revised 4
Code to require warranty reimbursement insurance 5
policies for vehicle protection product warranties 6
and reimbursement insurance policies for certain 7
consumer goods service contracts, to require given 8
statements to be included in warranty 9
reimbursement insurance policies and in 10
reimbursement insurance policies for certain 11
consumer goods service contracts, to add 12
conditions related to the issuance of vehicle 13
protection product warranties, to apply the Ohio 14
Consumer Sales Practices Act to the issuance of 15
vehicle protection product warranties and consumer 16
goods service contracts, to make changes regarding 17

the organization and determination of financial 18
capacity of mutual protective associations dealing 19
with property, to require the filing of group life 20
insurance policy forms with the Superintendent of 21
Insurance, to specify that certain waivers of 22
customer obligations are not insurance, to lower 23
the percentage of amounts allocated to certain 24
accounts concerning life insurance policies or 25
annuities that a domestic life insurance company 26
may invest, and to apply that lower percentage for 27
investment to securities issued or guaranteed by 28
the United States. 29

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

Section 1. That sections 3905.29, 3905.421, 3907.15, 3917.01, 30
3917.06, 3939.01, 3939.06, 3939.07, 3939.09, and 3941.27 be 31
amended and sections 3905.423, 3905.424, and 3939.11 of the 32
Revised Code be enacted to read as follows: 33

Sec. 3905.29. Sections 3905.01 to 3905.28 of the Revised Code 34
do not apply to associations organized and operating under 35
sections 3939.01 to ~~3939.09~~ 3939.11 of the Revised Code. 36

Sec. 3905.421. (A) As used in this section: 37

(1) "Incidental costs" means the losses and expenses 38
specified by a vehicle protection product warranty related to the 39
failure of a vehicle protection product to deter the theft of a 40
vehicle or facilitate the recovery of the vehicle after it has 41
been stolen. "Incidental costs" may include, but are not limited 42
to, insurance policy deductibles, rental vehicle charges, the 43
difference between the actual value of the stolen vehicle at the 44

time of the theft and the cost of a replacement vehicle, sales
taxes, registration fees, transaction fees, and mechanical
inspection fees.

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(2) "Vehicle protection product" means a vehicle protection
device, system, or service that is installed on or applied to a
vehicle and that is designed to deter the theft of a vehicle or
facilitate the recovery of the vehicle after it has been stolen.
"Vehicle protection product" includes, but is not limited to,
alarm systems, window etch products, body part marking products,
steering locks, pedal and ignition locks, fuel and ignition kill
switches, and electronic, radio, and satellite tracking devices.

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(3) "Warrantor of a vehicle protection product" or
"warrantor" means the person that is contractually obligated to
the warranty holder under the terms of a vehicle protection
product warranty. "Warrantor" does not include an insurer
authorized or eligible to do business in this state.

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(4) "Warranty reimbursement insurance policy" means a policy
of insurance issued by an insurer authorized or eligible to do
business in this state to the warrantor of a vehicle protection
product to pay, on behalf of the warrantor, all covered
contractual obligations incurred by the warrantor under the terms
and conditions of the vehicle protection product warranty.

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(B) All vehicle protection product warranties issued in this
state shall be covered by a warranty reimbursement insurance
policy.

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(C) A vehicle protection product warranty issued by the
warrantor of a vehicle protection product does not constitute a
contract substantially amounting to insurance or its issuance the
business of insurance under section 3905.42 of the Revised Code,
if ~~both~~ all of the following conditions are met:

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(1) The warranty is limited to indemnifying the warranty

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holder for incidental costs caused by the failure of the vehicle 76
protection product to deter the theft of the vehicle or facilitate 77
the recovery of the vehicle after it has been stolen. 78

(2) The vehicle protection product warranty contains both of 79
the following conspicuous, written disclosures: 80

(a) "This vehicle protection product warranty is not subject 81
to the insurance laws of this state, contained in Title XXXIX of 82
the Ohio Revised Code." 83

(b) "This warranty may not include all of the benefits or 84
protections of an insurance policy that includes theft coverage 85
issued by an insurer authorized to do business in Ohio." 86

(3) The warranty identifies the warrantor, the warranty 87
holder, and the terms of the sale of the vehicle protection 88
product. 89

(4) The warranty conspicuously states that the obligations of 90
the warrantor to the warranty holder are guaranteed under a 91
warranty reimbursement insurance policy. 92

(5) The warranty conspicuously states that if a payment due 93
under the terms of the warranty is not paid by the warrantor 94
within sixty days after the warranty holder files proof of loss 95
pursuant to the terms of the warranty, the warranty holder may 96
file directly with the warrantor's warranty reimbursement 97
insurance company for reimbursement. 98

(6) The warranty conspicuously states the name and address of 99
the warrantor's warranty reimbursement insurance company. 100

(D) A warranty reimbursement insurance policy shall contain 101
both of the following statements: 102

(1) A statement that the warranty reimbursement insurance 103
company will reimburse, or pay on behalf of, the warrantor of a 104
vehicle protection product all covered amounts for which the 105

warrantor is legally obligated, and will provide any service that 106
the warrantor is legally obligated to perform, under the terms of 107
a vehicle protection product warranty; 108

(2) A statement that if a payment due under the terms of a 109
vehicle protection product warranty is not paid within sixty days 110
after the warranty holder files proof of loss pursuant to the 111
terms of the warranty, that the warranty holder may file directly 112
with the warrantor's warranty reimbursement insurance company for 113
payment or reimbursement. 114

(E) The cancellation of a warrantor's warranty reimbursement 115
insurance policy does not affect the warrantor's liability to the 116
warranty holder. 117

(F) The sale of a vehicle protection product or the issuance 118
of a vehicle protection product warranty to a consumer by the 119
warrantor of a vehicle protection product constitutes a consumer 120
transaction for purposes of sections 1345.01 to 1345.13 of the 121
Revised Code. The warrantor is the supplier and the warranty 122
holder is the consumer in such consumer transactions. 123

(G) A warrantor of a vehicle protection product shall 124
indemnify a seller of that product that pays or is required to pay 125
a consumer of the product any amount that the warrantor is 126
obligated to pay under the terms of the vehicle protection product 127
warranty. 128

(H) The rights of a warranty holder against a warrantor's 129
warranty reimbursement insurance company as provided in this 130
section apply only in regard to a warranty reimbursement insurance 131
policy issued under this section. This section does not create any 132
contractual rights in favor of a person that does not qualify as 133
an insured under any other type of insurance policy described in 134
Title XXXIX of the Revised Code. 135

<u>Sec. 3905.423. (A) As used in this section:</u>	136
<u>(1) "Consumer" has the same meaning as in section 1345.01 of the Revised Code.</u>	137 138
<u>(2) "Consumer goods" means goods sold, leased, assigned, awarded by chance, or transferred to a consumer in a consumer transaction.</u>	139 140 141
<u>(3) "Consumer goods service contract" means a contract or agreement to perform or pay for repairs, replacement, or maintenance of consumer goods due to a defect in materials or workmanship, normal wear and tear, power surges, or accidental damage from handling, that is effective for a specified duration and paid for by means other than the purchase of the consumer goods. "Consumer goods service contract" does not include any of the following:</u>	142 143 144 145 146 147 148 149
<u>(a) A contract or agreement to perform or pay for the repair, replacement, or maintenance of a motor vehicle or utility vehicle, as defined in section 4501.01 of the Revised Code, that is effective for a specified duration and paid for by means other than the purchase of a motor vehicle or utility vehicle;</u>	150 151 152 153 154
<u>(b) A vehicle protection product as defined in section 3905.421 of the Revised Code;</u>	155 156
<u>(c) A home service contract as defined in section 3905.422 of the Revised Code.</u>	157 158
<u>(4) "Consumer transaction" has the same meaning as in section 1345.01 of the Revised Code.</u>	159 160
<u>(5) "Contract holder" means the consumer who purchased goods covered by a consumer goods service contract, any authorized transferee or assignee of the consumer, or any other person assuming the consumer's rights under the consumer goods service contract.</u>	161 162 163 164 165

(6) "Provider" means a person who is contractually obligated to a contract holder under the terms of a consumer goods service contract. 166
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(7) "Reimbursement insurance policy" means a policy of insurance issued by an insurer authorized or eligible to do business in this state to a provider to pay, on behalf of the provider, all covered contractual obligations incurred by the provider under the terms and conditions of the consumer goods service contract. 169
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(8) "Supplier" has the same meaning as in section 1345.01 of the Revised Code. 175
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(B) All consumer goods service contracts issued in this state that provide for the performance of or payment for repairs, replacement, or maintenance of consumer goods due to power surges or accidental damage from handling shall be covered by a reimbursement insurance policy. 177
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(C) A consumer goods service contract issued by a provider that is required to be covered by a reimbursement insurance policy under division (B) of this section shall comply with all of the following requirements: 182
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(1) Conspicuously state that the obligations of the provider are guaranteed under a reimbursement insurance policy; 186
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(2) Conspicuously state that if a provider fails to perform or make payment due under the terms of the contract within sixty days after the contract holder requests performance or payment pursuant to the terms of the contract, the contract holder may request performance or payment directly from the provider's reimbursement policy insurer, including, but not limited to, any obligation in the contract by which the provider must refund the contract holder upon cancellation of a contract; 188
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(3) Conspicuously state the name, address, and telephone number of the provider's reimbursement insurance policy insurer. 196
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(D) A reimbursement insurance policy that is required to be issued under this section shall contain a statement that if a provider fails to perform or make payment due under the terms of the consumer goods service contract within sixty days after the contract holder requests performance or payment pursuant to the terms of the contract, the contract holder may request performance or payment directly from the provider's reimbursement policy insurer, including, but not limited to, any obligation in the contract by which the provider must refund the contract holder upon cancellation of a contract. 198
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(E) The sale or issuance of a consumer goods service contract is a consumer transaction for purposes of sections 1345.01 to 1345.13 of the Revised Code. The provider is the supplier and the contract holder is the consumer for purposes of those sections. 208
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(F) Unless issued by an insurer authorized or eligible to do business in this state, a consumer goods service contract does not constitute a contract substantially amounting to insurance, or the contract's issuance the business of insurance, under section 3905.42 of the Revised Code. 212
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(G) The rights of a contract holder against a provider's reimbursement policy insurer as provided in this section apply only in regard to a reimbursement insurance policy issued under this section. This section does not create any contractual rights in favor of a person that does not qualify as an insured under any other type of insurance policy described in Title XXXIX of the Revised Code. 217
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Sec. 3905.424. (A) As used in this section: 224

(1) "Service provider" means any public or private provider 225

of services, including, but not limited to, all of the following 226
services: 227

(a) Electricity, gas, water, wastewater, solid waste 228
collection, or similar utility; 229

(b) Communications involving the transmission, conveyance, or 230
routing of voice, data, audio, video, or any other information or 231
signals, through any medium or method now in existence or 232
hereafter devised, including, but not limited to, cable, internet 233
access, voice over internet, telephone, or wireless telephone. 234

(2) "Waiver of customer obligation" means an optional 235
agreement between a service provider and the service provider's 236
customer under which the service provider agrees, in return for a 237
specified charge payable by the customer to the service provider, 238
to waive all or a portion of the customer's financial obligation 239
to the service provider for charges incurred during a defined 240
period and upon the occurrence of a qualifying event. For purposes 241
of this division, "qualifying event" may include the customer's 242
call to active military service, involuntary unemployment, death, 243
disability, hospitalization, marriage, divorce, evacuation, 244
displacement due to a natural disaster or other cause, 245
qualification for family leave, or similar occurrence. 246

(B) A waiver of customer obligation is not insurance and the 247
laws of this state relating to insurance shall not govern the sale 248
or issuance of such a waiver. 249

(C) A waiver of customer obligation may be a portion of a 250
larger agreement or a separate agreement. 251

Sec. 3907.15. (A) A domestic life insurance company may, 252
subject to section 3911.011 of the Revised Code, issue policies, 253
annuities, or other contracts, whether on an individual or group 254
basis, providing benefits or other contractual payments payable in 255

fixed or variable dollar amounts, or both, and allocate to one or 256
more separate accounts any amounts which are to be applied to 257
provide such benefits and contractual payments. The income, if 258
any, and any gains or losses, realized or unrealized, on each 259
separate account shall be credited to or charged against the 260
amounts allocated to the separate account without regard to other 261
income, gains, or losses of the company. The amounts allocated to 262
the separate accounts and the accumulations thereon remain the 263
property of the company, but that portion of the assets of the 264
separate accounts equal to the reserves and other contractual 265
liabilities under all policies, annuities, and other contracts 266
identified with the separate accounts shall not be chargeable with 267
liabilities arising out of any other business of the company. The 268
company shall not be, or hold itself out to be, a trustee in 269
respect of such amounts. 270

~~The amounts allocated to any separate account under this 271
section and the accumulations thereon may be invested and 272
reinvested by the company without regard to the requirements and 273
limitations of section 3907.14 of the Revised Code; provided that, 274
except in the case of securities (B)(1) Not more than ten per cent 275
of the amounts allocated to any separate account and the 276
accumulations thereon shall be invested in the stocks, notes, 277
debentures, bonds, or other securities of any one corporation or 278
issuer and not more than ten per cent of the issued and 279
outstanding voting securities of any one corporation or issuer may 280
be acquired by all separate accounts. The superintendent of 281
insurance may waive this limitation if, in the opinion of the 282
superintendent, the waiver will not render the operation of the 283
separate account hazardous to the public or policyholders in this 284
state; 285~~

(2) Division (B)(1) of this section does not apply to any of 286
the following: 287

(a) Securities of investment companies registered under the 288
"Investment Company Act of 1940," 54 Stat. 789, 15 U.S.C.A. 80a-1, 289
as amended, ~~or in the case of annuities;~~ 290

(b) Annuities or funding agreements issued by a life 291
insurance company authorized to do business in this state from its 292
general account, ~~or in the case of the;~~ 293

(c) The transfer of any investment or other asset in any 294
separate account to any other account or to the general assets of 295
the company or any investment among the general assets of the 296
company transferred to any separate account, ~~not more than~~ 297
~~twenty five per cent of the amounts allocated to the separate~~ 298
~~account and the accumulations thereon shall be invested in the~~ 299
~~stocks, notes, debentures, bonds, or other securities of any one~~ 300
~~corporation or issuer and not more than twenty five per cent of~~ 301
~~the issued and outstanding voting securities of any one~~ 302
~~corporation or issuer may be acquired by all separate accounts;~~ 303

(d) Securities issued or guaranteed as to principal or 304
interest by the United States. 305

~~No~~ (C) No security of any corporation which is a subsidiary 306
of, or which is affiliated through stock ownership with, such 307
insurance company shall be allocated to any separate account. No 308
investment or other asset in any separate account shall be 309
transferred to any other account or to the general assets of the 310
company and no investment among the general assets of the company 311
shall be transferred to any separate account unless such transfer 312
is made solely: 313

~~(A)~~(1) To establish a separate account or support the 314
guarantees of the policies, annuities, or other contracts 315
identified with such account; 316

~~(B)~~(2) To withdraw amounts previously allocated to any 317
separate account which are no longer needed to support the 318

guarantees of the policies, annuities, or other contracts 319
~~indentified~~ identified therewith; 320

and such transfer is of cash or securities having a readily 321
determinable market value or unless such transfer is approved by 322
the superintendent ~~of insurance~~. If a company withdraws all or 323
part of its participation in a separate account, it shall be 324
entitled to receive its proportionate share of the value of the 325
assets of the separate account at the time of withdrawal. 326

(D) The assets of a separate account shall be valued at their 327
market value on the date of valuation, or if there is no readily 328
available market, then in accordance with the terms of the 329
contracts or the rules or other written agreement applicable to 330
such separate account. ~~The~~ 331

(E) The amounts allocated to any separate account under this 332
section and the accumulations thereon may be invested and 333
reinvested by the company without regard to the requirements and 334
limitations of section 3907.14 of the Revised Code. 335

(F) The assets of a separate account shall not be taken into 336
account in applying the investment requirements and limitations of 337
section 3907.14 of the Revised Code to other investments of the 338
company. 339

(G) Any such domestic life insurance company may do all 340
things necessary under any state or federal law in order that such 341
policies, annuities, or other contracts may be lawfully offered 342
for sale and sold, including, but not limited to, the granting of 343
voting rights to such policyholders, annuitants, and other 344
contract holders with respect to the management of such separate 345
accounts and investment of the assets thereof and the 346
establishment of committees, boards, or other similar designated 347
bodies with respect to such separate accounts as may be required 348
by such laws, notwithstanding Chapter 3907. or section 3913.06 of 349

the Revised Code, or the articles of incorporation, charter, 350
bylaws, or code of regulations of such company. 351

Sec. 3917.01. As used in sections 3917.01 to 3917.06 of the 352
Revised Code, the following forms of life insurance are group life 353
insurance: 354

(A) A life insurance policy issued to an employer, or to the 355
trustees of a fund established by an employer, which employer or 356
trustees shall be deemed the policyholder, to insure employees of 357
the employer for the benefit of persons other than the employer, 358
subject to all of the following requirements: 359

(1) All of the employees of the employer, or all of any class 360
or classes of employees, are eligible for life insurance. The 361
policy may provide that "employees" includes the employees of one 362
or more subsidiary corporations and the employees, individual 363
proprietors, and partners of one or more affiliated corporations, 364
proprietorships, or partnerships if the business of the employer 365
and the affiliated corporations, proprietorships, or partnerships 366
is under common control. The policy may provide that "employees" 367
includes retired employees, former employees, and directors of a 368
corporate employer. A policy issued to insure the employees of a 369
public body may provide that "employees" includes elected or 370
appointed officials. 371

(2) The premium for the policy shall be paid either from the 372
employer's funds or from funds contributed by the insured 373
employees, or from both. Except as provided in division (A)(3) of 374
this section, a policy for which no part of the premium is derived 375
from funds contributed by the insured employees shall insure all 376
eligible employees, except those employees who reject the coverage 377
in writing. 378

(3) An insurer may exclude or limit the coverage on any 379
employee as to whom evidence of individual insurability is not 380

satisfactory to the insurer. 381

(4) A policy issued pursuant to section 3911.091 of the 382
Revised Code is not subject to the requirements of this division. 383

(B) A life insurance policy issued to a creditor or its 384
parent holding company or to a trustee or trustees or agent 385
designated by two or more creditors, which creditor, holding 386
company, affiliate, trustee, trustees, or agent shall be deemed 387
the policyholder, to insure debtors of the creditor or creditors, 388
subject to the following requirements: 389

(1) The debtors eligible for insurance under the policy shall 390
be all of the debtors of the creditor or creditors, or all of any 391
class or classes of the debtors. The policy may provide that 392
"debtors" includes all of the following: 393

(a) Borrowers of money or purchasers or lessees of goods, 394
services, or property for which payment is arranged through a 395
credit transaction; 396

(b) The debtors of one or more subsidiary corporations; 397

(c) The debtors of one or more affiliated corporations, 398
proprietorships, or partnerships if the business of the 399
policyholder and of the affiliated corporations, proprietorships, 400
or partnerships is under common control. 401

(2) The premium for the policy shall be paid either from the 402
creditor's funds, or from charges collected from the insured 403
debtors, or from both. Except as provided in division (B)(3) of 404
this section, a policy on which no part of the premium is derived 405
from the funds contributed by insured debtors specifically for the 406
debtors' insurance shall insure all eligible debtors. 407

(3) An insurer may exclude any debtor as to whom evidence of 408
individual insurability is not satisfactory to the insurer. 409

(4) The amount of insurance on the life of any debtor, at no 410

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.

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(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.

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(D) A life insurance policy issued to a trust or to the
trustees of a trust fund established or adopted by two or more
~~employees~~ employers, or by one or more labor unions or similar
employee organizations, or by one or more employers 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 organizations, subject to the following
requirements:

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(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 or classes of the
employees or members. 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 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
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 the trusteeship.

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(2) The premium for the policy shall be paid from funds 473
contributed by the employer or employers of the insured persons, 474
or by the union or unions or similar employee organizations, or by 475
both, or from funds contributed by the insured persons or from 476
both the insured persons and the employers or unions or similar 477
employee organizations. Except as provided in division (D)(3) of 478
this section, a policy on which no part of the premium is derived 479
from funds contributed by the insured persons specifically for 480
their insurance ~~must~~ shall insure all eligible persons, except 481
those persons who reject the coverage in writing. 482

(3) An insurer may exclude or limit the coverage on any 483
person as to whom evidence of individual insurability is not 484
satisfactory to the insurer. 485

(E) A life insurance policy issued to an association or to a 486
trust or the trustees of a fund established, created, or 487
maintained for the benefit of members of one or more associations, 488
which association, trust or trustee, or an agent, shall be deemed 489
the policyholder, subject to all of the following requirements: 490

(1) The association or associations have at the outset a 491
minimum of one hundred persons, have been organized and maintained 492
in good faith for purposes other than that of obtaining insurance, 493
have been in active existence for at least two years, and have a 494
constitution and bylaws providing for all of the following: 495

(a) The association or associations shall hold regular 496
meetings not less than annually to further purposes of the 497
members. 498

(b) The association or associations, except for credit 499
unions, shall collect dues or solicit contributions from members. 500

(c) The members of the association or associations shall have 501
voting privileges and representation on the governing board and 502
committees. 503

(2) The policy is subject to all of the following requirements: 504
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(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. 506
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(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. 513
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(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. 518
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(3) An insurer may exclude or limit the coverage on any member or employee as to whom evidence of individual ~~insurance~~ insurability is not satisfactory to the insurer. 524
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(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: 527
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(1) All of the members of the credit union or credit unions, 535
or all of any class or classes of the members, are eligible for 536
insurance. 537

(2) The premium for the policy is paid by the policyholder 538
from the credit union's funds and except as provided in division 539
(F)(3) of this section shall insure all eligible members. 540

(3) An insurer may exclude or limit the coverage on any 541
member as to whom evidence of individual insurability is not 542
satisfactory to the insurer. 543

(G) Life insurance that is written under a policy issued to a 544
trustee under a trust established by an insurer for the purpose of 545
providing continued group life insurance coverage to those former 546
employees, former members, or former members and the employees of 547
such members, and their dependents, previously covered under 548
policies of group life insurance issued by the insurer to 549
employers or trustees pursuant to division (A) of this section, to 550
associations pursuant to division (D) of this section, to trustees 551
pursuant to division (E) of this section, or to groups pursuant to 552
division (I) of this section, and that is evidenced by the 553
issuance of a certificate of insurance or other evidence of 554
insurance to such former employees or members as required by 555
section 3917.06 of the Revised Code; provided that the amount of 556
the continued life insurance coverage made available to a former 557
employee or member and to the employee's or member's dependents 558
shall not exceed the amount of the group life insurance coverage 559
previously provided to the employee or member and the employee's 560
or member's eligible dependents at the time of the employee's 561
separation from employment or the member's termination of 562
membership. 563

(H) Life insurance covering the members of a workforce 564
actively engaged in an occupation for, and performing services on 565

behalf of, a duly organized corporation, limited liability 566
company, partnership, proprietor, or a similar organization whose 567
members are not employees of the organization, written under a 568
policy issued to the organization, which organization is the 569
employer for this purpose, the premium on which is to be paid by 570
the organization or by the organization and the members jointly, 571
insuring members for amounts of insurance based upon some plan for 572
the benefit of persons other than the organization; provided also 573
that members may be required to furnish evidence of insurability 574
satisfactory to the insurer. Life insurance meeting this 575
definition may also cover the organization's employees at the 576
option of the organization. 577

(I)(1) A life insurance policy covering the members of a 578
group other than one listed in divisions (A) to (H) of this 579
section, subject to the superintendent finding all of the 580
following: 581

(a) The issuance of the policy is not contrary to the best 582
interest of the public. 583

(b) The issuance of the policy would result in economies of 584
acquisition or administration. 585

(c) The policy provides benefits that are reasonable in 586
relation to the premiums charged. 587

(2) An insurer shall not offer group life insurance in this 588
state under a policy issued in another state unless the 589
superintendent, or the insurance regulatory authority of another 590
state with requirements substantially similar to the requirements 591
set forth in division (I)(1) of this section, makes a 592
determination that the requirements in division (I)(1) of this 593
section have been met. 594

(3) The premium for a life insurance policy under this 595
division is paid either from the policyholder's funds or from 596

funds contributed by the insured members, or from both, and except 597
as provided in division (I)(4) of this section, the policy ~~must~~ 598
shall insure all eligible members except those members who reject 599
the coverage in writing. 600

(4) An insurer may exclude or limit the coverage on any 601
member as to whom evidence of individual insurability is not 602
satisfactory to the insurer. 603

Sec. 3917.06. ~~Except~~ No policy of group life insurance shall 604
be delivered in this state until a copy of its form has been filed 605
with the superintendent of insurance pursuant to division (A) of 606
section 3915.14 of the Revised Code. In addition, except as 607
provided in division (M) of this section, no policy of group life 608
insurance shall be delivered in this state unless it contains in 609
substance the following provisions or other provisions, that in 610
the opinion of the superintendent of insurance are more favorable 611
to the persons insured, or at least as favorable to the persons 612
insured and more favorable to the policyholder: 613

(A) A provision that the policyholder is entitled to a grace 614
period of thirty-one days for the payment of any premiums due 615
except the first, during which grace period the death benefit 616
coverage shall continue in force, unless the policyholder has 617
given the insurer written notice of discontinuance in advance of 618
the date of discontinuance and in accordance with the terms of the 619
policy; the policy may provide that the policyholder is liable to 620
the insurer for the payment of a pro rata premium for the time the 621
policy was in force during such grace period; 622

(B) A provision that the policy is incontestable after two 623
years from its date of issue, except for nonpayment of premiums. 624
No statement made by any individual insured under the policy 625
relating to the individual's insurability shall be used in 626
contesting the validity of the insurance, with respect to which 627

the statement was made, that has been in force prior to the 628
contest for a period of two years during the individual's life, 629
unless the statement is contained in a written instrument signed 630
by the individual. This division does not preclude the assertion 631
at any time of defenses based upon provisions in the policy that 632
relate to eligibility for coverage. 633

(C) A provision requiring that a copy of the application of 634
the policyholder, if any, be attached to the policy when issued, 635
and that all statements made by the policyholder and individuals 636
insured shall be deemed representations and not warranties, and 637
that no statement made by any person insured shall be used in any 638
contest unless a copy of the instrument containing the statement 639
is furnished to the insured, or in the event of the death or 640
incapacity of the insured, to the insured's beneficiary or 641
personal representative; 642

(D) A provision setting forth the conditions, if any, under 643
which the insurer reserves the right to require an individual 644
eligible for insurance to furnish evidence of individual 645
insurability satisfactory to the insurer as a condition to part or 646
all of the individual's coverage; 647

(E) A provision specifying an equitable adjustment of the 648
premium or benefits, or both, to be made in the event of a 649
misstatement of the age of an insured. The provision shall contain 650
a clear statement of the method of adjustment. 651

(F) A provision requiring that any sum becoming due by reason 652
of the death of the insured be payable to the beneficiary 653
designated by the insured. However, if the policy contains 654
conditions pertaining to family status, the beneficiary may be the 655
family member specified by the policy terms, subject to the 656
provisions of the policy in the event that there is no designated 657
beneficiary living at the time of the death of the insured as to 658

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 insurer will issue to the
policyholder for delivery to each person insured 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, 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 that if all or any part of the insurance
on an insured or an insured's dependents ceases because of the
termination of employment or of membership in the class or classes
eligible for coverage under the policy, such person is entitled to
have issued to the person by the insurer, without evidence of
insurability, 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
provided that all of the following conditions are met:

(a) The individual policy is on any one of the forms
customarily issued by the 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, 690
less the amount of any life insurance for which the person is 691
eligible under the same or any other group policy within 692
thirty-one days after termination, provided that any amount of 693
life insurance that matures on or before the date of termination 694
as an endowment payable to the insured, whether in one sum, 695
installments, or in the form of an annuity, shall not, for 696
purposes of this division, be included in the amount that is 697
considered to cease because of termination. 698

(c) The premium on the individual policy is set at the 699
insurer's then customary rate applicable to the form and amount of 700
the individual policy, the individual's class of risk, and the 701
individual's age as of the effective date of the individual 702
policy. 703

(2) Subject to the conditions set forth in division (H)(1) of 704
this section, the conversion privilege is available to the 705
following individuals: 706

(a) A surviving dependent, if any, at the death of the 707
employee or member, with respect to the coverage under the group 708
policy that terminates by reason of the employee's or member's 709
death; 710

(b) A dependent of an employee or member upon termination of 711
the dependent's coverage, while the employee or member remains 712
insured under the group policy, by reason of the dependent ceasing 713
to be a dependent under the group policy. 714

(3) If the individual is not given notice of the right to 715
obtain individual coverage under this division at least fifteen 716
days prior to the expiration of the thirty-one-day conversion 717
period provided by division (H)(1) of this section, then the 718
individual shall have an additional period to exercise that right. 719
This additional period shall extend for fifteen days after the 720

individual is given notice, but in no event shall the period 721
extend beyond sixty days after the expiration date of the period 722
provided in the policy. Written notice provided to the individual 723
or mailed by the policyholder to the last known address of the 724
individual, or mailed by the insurer to the last known address of 725
the individual furnished to the insurer by the policyholder, 726
constitutes notice for purposes of this division. 727

(4) Nothing contained in ~~the~~ this division shall be construed 728
to continue any insurance beyond the expiration date of the period 729
provided in the policy. 730

(I) A provision that if the group policy terminates or is 731
amended so as to terminate the insurance of any class of insured 732
persons, every person insured thereunder at the date of such 733
termination whose insurance terminates, including an insured's 734
dependent, and who has been so insured for at least five years 735
prior to such termination date is entitled to have issued by the 736
insurer an individual policy of life insurance, subject to the 737
same conditions and limitations as are provided by division (H) of 738
this section, except that the group policy may provide that the 739
amount of such individual policy shall not exceed the smaller of 740
(1) the amount of the person's life insurance ceasing because of 741
the termination or amendment of the group policy, less the amount 742
of any life insurance for which the person is or becomes eligible 743
under any group policy issued or reinstated by the same or another 744
insurer within thirty-one days after such termination, and (2) ten 745
thousand dollars; 746

(J) A provision that if a person insured under the group 747
policy, or an insured's dependent, dies during the period within 748
which the person would have been entitled to have an individual 749
policy issued in accordance with division (H) or (I) of this 750
section, and before such an individual policy has become 751
effective, the amount of life insurance which the person would 752

have been entitled to have issued under such individual policy 753
shall be payable as a claim under the group policy, whether or not 754
application for the individual policy or the payment of the first 755
premium therefor has been made; 756

(K) Where active employment is a condition of insurance, a 757
provision that an insured may continue coverage during the 758
insured's total disability by timely payment to the policyholder 759
of that portion, if any, of the premium that would have been 760
required from the insured if the insured's total disability had 761
not occurred. The continuation shall be on a premium basis for a 762
period of six months after the date on which the insured's total 763
disability started, but not later than the earlier of either of 764
the following: 765

(1) The insurer approving of continuation of the coverage 766
under any disability provision that the group policy may contain; 767

(2) The discontinuance of the group life insurance policy. 768

(L) In the case of a life insurance policy insuring the lives 769
of debtors, a provision requiring that the insurer furnish to the 770
policyholder for delivery to each debtor insured under the policy 771
a certificate of insurance describing the coverage and specifying 772
that the death benefit first be applied to reduce or extinguish 773
the debtor's unpaid indebtedness. 774

(M)(1) Divisions (F) to (K) of this section do not apply to 775
group policies insuring the lives of debtors. 776

(2) With the exception of division (K) of section 3915.05 777
~~and~~, section 3915.052, and division (A) of section 3915.14 of the 778
Revised Code, Chapter 3915. of the Revised Code does not apply to 779
group policies. 780

(3) If a group policy is other than a term plan of insurance, 781
the policy shall contain a nonforfeiture provision or provisions, 782

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.

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Sec. 3939.01. (A) Any number of persons of lawful age, not less than ten in number, owning insurable property in this state, may associate themselves together for the purpose of insuring each other against the risk of direct physical loss or damage to property in this state caused by fire and lightning, smoke, smudge, cyclones, tornadoes or wind storms, hail storms, explosion, except explosion by steam boilers or flywheels, riot, riot attending a strike, civil commotion, and falling or moving bodies, including theft of property in this state, except loss or damage to motor vehicles caused by collision, and also to. Any association organized under this section shall file with the department of insurance all policy forms currently in use by the association and all additions, deletions, or amendments to the policy forms at least thirty days prior to the use of the policy forms, additions, deletions, or amendments. Each filing under this division is deemed approved thirty days after the filing is received by the superintendent of insurance, unless the filing is disapproved by the superintendent during that thirty-day period.

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(B) Any association organized under this section, from time to time, may assess upon and collect from each other its members or other responsible parties sums of money, from time to time, as that are necessary to pay expenses and losses which that occur, or are anticipated to occur, from such causes those covered perils. The assessment and collection of such those sums of money shall be regulated by the constitution and bylaws of the association, which adopted under section 3939.06 of the Revised Code. The constitution shall require such the assessments to be made directly and specifically upon the members or other responsible parties, and to be paid directly and specifically by them and not out of any fund funds paid to or deposited with the association or

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~~other trustee in anticipation of assessments, nor in any other~~ 844
~~manner except that any such.~~ Any association organized under this 845
section may borrow money for the payment of losses and associated 846
expenses, but ~~such~~ those loans shall not be made for a ~~longer~~ 847
~~period than~~ of time that extends beyond the collection of ~~their~~ 848
the association's next assessment. ~~Such~~ 849

(C) Any association organized under this section may also 850
accumulate a surplus from its assessments, ~~not exceeding ten~~ 851
~~dollars on each one thousand dollars of insurance in force, such~~ 852
~~surplus to be used in paying losses and expenses that occur.~~ ~~Such~~ 853
That surplus, if and all other funds received or accumulated in 854
the course of business shall be invested, shall be under sections 855
3925.05 and 3925.08 of the Revised Code. ~~Such associations~~ Upon 856
prior approval of the superintendent of insurance, the association 857
may invest that surplus and those other funds in real estate for 858
the association's convenient accommodation in the transaction of 859
its business. The association shall not have at any one time more 860
than ten per cent of its admitted assets invested in real estate. 861

(D) Any association organized under this section may ~~only~~ 862
insure farm buildings, residential and detached dwellings ~~and,~~ 863
outbuildings, ~~schoolhouses,~~ churches, township buildings, grange 864
buildings, farm ~~implements,~~ machinery, equipment, and other farm 865
~~products, livestock~~ personal property, household goods, ~~furniture~~ 866
and personal effects, pleasure and utility vehicles, ~~motor~~ 867
~~vehicles, steam, gas, gasoline, and oil engines, motor trucks,~~ 868
~~tractors, electric motors, electric appliances, lighting systems,~~ 869
and other similar property, except motor vehicles titled or 870
capable of being titled for use on public roads and property used 871
exclusively for commercial or industrial purposes. 872

~~Such~~ The property described in this division may be 873
classified only for the purpose of determining and levying 874
assessments, and ~~such~~ that property may be located within or 875

without the limits of any municipal corporation. An association 876
~~whose membership is restricted to persons engaged in any~~ 877
~~particular trade or occupation, and whose insurance is confined in~~ 878
~~any particular kind or description of property, may insure~~ 879
~~property located in any county in this state which is used~~ 880
~~exclusively for such commercial or industrial purposes. An~~ 881
~~association whose membership is so restricted and whose insurance~~ 882
~~is so confined and which insures such property may also accumulate~~ 883
~~from its assessments a surplus not exceeding five times the~~ 884
~~average yearly losses and expenses of the association, as shown by~~ 885
~~the reports of the association to the division of insurance for~~ 886
~~the preceding three years. Such surplus shall be used in paying~~ 887
~~losses and expenses that may occur and, if invested, shall be~~ 888
~~under sections 3925.05 and 3925.08 of the Revised Code.~~ 889

(E) Any association organized under this section may collect 890
~~an initial a~~ charge on each contract of insurance in accordance 891
~~with its constitution and bylaws, and in addition thereto an~~ 892
~~amount not in excess of one tenth of one per cent of the amount of~~ 893
~~each individual contract of insurance, provided that the total~~ 894
~~amount of such charges shall not exceed fifteen dollars adopted~~ 895
~~under section 3939.06 of the Revised Code.~~ 896

(F) Any association organized under this section may make 897
contracts of reinsurance for the kinds of insurance authorized by 898
sections 3939.01 to ~~3939.10~~ 3939.11 of the Revised Code, or accept 899
reinsurance on any portion ~~thereof~~ of that insurance. 900

Sec. 3939.06. Every association organized under section 901
3939.01 of the Revised Code shall adopt a constitution, whether 902
designated a constitution, constitution and bylaws which will, 903
regulations, or code of regulations, that in the judgment of its 904
members best ~~subserve~~ serves its interests and purposes. All 905
~~persons who sign such constitution shall be considered and held to~~ 906

~~be members of the association, and shall be held in law to comply~~ 907
~~with all its requirements. The constitution may include provisions~~ 908
~~set forth in section 1702.11 of the Revised Code.~~ 909

Sec. 3939.07. Before granting insurance, an association 910
organized under section 3939.01 of the Revised Code shall file 911
with the superintendent of insurance a copy of its articles of 912
incorporation, certified by the secretary of state, ~~and~~ a copy of 913
its constitution, ~~bylaws~~ adopted under section 3939.06 of the 914
Revised Code, and forms of certificates of membership or 915
insurance. If the superintendent finds that ~~such~~ the association 916
was properly organized and has complied with the law, ~~he~~ the 917
superintendent shall issue to it ~~his~~ a certificate reciting ~~such~~ 918
that compliance, ~~which~~. The certificate shall be the authority of 919
the association to commence business and grant insurance. 920

Sec. 3939.09. The president or vice-president and the 921
secretary of every association organized under section 3939.01 of 922
the Revised Code, annually on the first day of January, ~~or within~~ 923
~~thirty sixty~~ days thereafter after the first day of January, shall 924
prepare under oath and deposit in the office of the superintendent 925
of insurance a statement of the condition of the association on 926
the thirty-first day of the preceding December, exhibiting the 927
facts enumerated in section 3929.30 of the Revised Code and 928
applicable to ~~such~~ associations organized under section 3939.01 of 929
the Revised Code, and ~~such~~ any other information necessary to 930
reveal the financial condition of the association ~~as~~ that the 931
superintendent requires. ~~Such~~ That statement shall be rendered in 932
a printed form to be supplied by the superintendent for that 933
purpose. 934

Every ~~such~~ association ~~which~~ organized under section 3939.01 935
of the Revised Code that fails to make and deposit ~~such~~ the 936
statement described in this section, or to reply to any inquiry of 937

the superintendent, shall be subject to a forfeiture of five 938
hundred dollars and shall be subject to an additional forfeiture 939
of five hundred dollars for every month that it continues 940
~~thereafter~~ to transact any business of insurance after that 941
failure. 942

Sec. 3939.11. In determining the financial capacity of a 943
mutual protective association organized under section 3939.01 of 944
the Revised Code, the superintendent of insurance may take into 945
consideration factors that include, but are not limited to, all of 946
the following: 947

(A) Any reinsurance arrangements of the association with 948
authorized insurers in this state; 949

(B) The amount of contracts or policies of insurance of the 950
association that are written and in force; 951

(C) Any other measure of financial capacity of the 952
association that the superintendent considers appropriate. 953

Sec. 3941.27. Sections 3941.01 to 3941.29, ~~inclusive,~~ of the 954
Revised Code do not affect any company doing business within this 955
state on the premium note plan, ~~nor~~ or any mutual protective 956
association organized or doing business under ~~section~~ sections 957
3939.01 to ~~3939.10, inclusive,~~ 3939.11 of the Revised Code, unless 958
~~such~~ that company or association elects to reorganize under 959
sections 3941.01 to 3941.29, ~~inclusive,~~ of the Revised Code. The 960
sections repealed by Volume 104, Ohio Laws, page 208, section 28, 961
shall remain in force, so far as applicable, to any such company 962
or association not so electing. 963

Section 2. That existing sections 3905.29, 3905.421, 3907.15, 964
3917.01, 3917.06, 3939.01, 3939.06, 3939.07, 3939.09, and 3941.27 965
of the Revised Code are hereby repealed. 966