

As Introduced

**127th General Assembly
Regular Session
2007-2008**

H. B. No. 79

Representative Batchelder

**Cosponsors: Representatives McGregor, J., Fessler, Latta, Stebelton,
Webster, Uecker**

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A B I L L

To amend sections 4121.12, 4121.121, 4121.126, 1
4123.44, and 4123.441, to amend, for the purpose 2
of adopting a new section number as indicated in 3
parentheses, section 4123.443 (4123.445), to enact 4
new sections 4123.443 and 4123.444 and section 5
4123.442, and to repeal sections 109.579, 6
4123.444, and 4123.445 of the Revised Code to 7
specify the classes of investments in which the 8
Administrator of Workers' Compensation may invest 9
the funds specified in the Workers' Compensation 10
Law and to prohibit the Administrator from 11
contracting with outside investment managers for 12
the investment of those funds. 13

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

Section 1. That sections 4121.12, 4121.121, 4121.126, 14
4123.44, and 4123.441 be amended, section 4123.443 (4123.445) be 15
amended for the purpose of adopting a new section number as 16
indicated in parentheses, and new sections 4123.443 and 4123.444 17
and section 4123.442 of the Revised Code be enacted to read as 18
follows: 19

Sec. 4121.12. (A) There is hereby created the workers' 20
compensation oversight commission consisting of eleven members, of 21
which members the governor shall appoint five with the advice and 22
consent of the senate. Of the five members the governor appoints, 23
two shall be individuals who, on account of their previous 24
vocation, employment, or affiliations, can be classed as 25
representative of employees, at least one of whom is 26
representative of employees who are members of an employee 27
organization; two shall be individuals who, on account of their 28
previous vocation, employment, or affiliations, can be classed as 29
representative of employers, one of whom represents self-insuring 30
employers and one of whom has experience as an employer in 31
compliance with section 4123.35 of the Revised Code other than a 32
self-insuring employer, and one of those two representatives also 33
shall represent employers whose employees are not members of an 34
employee organization; and one shall represent the public and also 35
be an individual who, on account of the individual's previous 36
vocation, employment, or affiliations, cannot be classed as either 37
predominantly representative of employees or of employers. The 38
governor shall select the chairperson of the commission who shall 39
serve as chairperson at the pleasure of the governor. No more than 40
three members appointed by the governor shall belong to or be 41
affiliated with the same political party. 42

Each of these five members shall have at least three years' 43
experience in the field of insurance, finance, workers' 44
compensation, law, accounting, actuarial, personnel, investments, 45
or data processing, or in the management of an organization whose 46
size is commensurate with that of the bureau of workers' 47
compensation. At least one of these five members shall be an 48
attorney licensed under Chapter 4705. of the Revised Code to 49
practice law in this state. 50

(B) Of the initial appointments made to the commission, the 51

governor shall appoint one member who represents employees to a 52
term ending one year after September 1, 1995, one member who 53
represents employers to a term ending two years after September 1, 54
1995, the member who represents the public to a term ending three 55
years after September 1, 1995, one member who represents employees 56
to a term ending four years after September 1, 1995, and one 57
member who represents employers to a term ending five years after 58
September 1, 1995. Thereafter, terms of office shall be for three 59
years, with each term ending on the same day of the same month as 60
did the term that it succeeds. Each member shall hold office from 61
the date of the member's appointment until the end of the term for 62
which the member was appointed. 63

The governor shall not appoint any person to more than two 64
full terms of office on the commission. This restriction does not 65
prevent the governor from appointing a person to fill a vacancy 66
caused by the death, resignation, or removal of a commission 67
member and also appointing that person twice to full terms on the 68
commission, or from appointing a person previously appointed to 69
fill less than a full term twice to full terms on the commission. 70
Any member appointed to fill a vacancy occurring prior to the 71
expiration date of the term for which the member's predecessor was 72
appointed shall hold office as a member for the remainder of that 73
term. A member shall continue in office subsequent to the 74
expiration date of the member's term until a successor takes 75
office or until a period of sixty days has elapsed, whichever 76
occurs first. 77

(C) In making appointments to the commission, the governor 78
shall select the members from the list of names submitted by the 79
workers' compensation oversight commission nominating committee 80
pursuant to this division. Within fourteen days after the governor 81
calls the initial meeting of the nominating committee pursuant to 82
division (C) of section 4121.123 of the Revised Code, the 83

nominating committee shall submit to the governor, for the initial 84
appointments, a list containing four separate names for each of 85
the members on the commission. Within fourteen days after the 86
submission of the list, the governor shall appoint individuals 87
from the list. 88

For the appointment of the member who is representative of 89
employees who are members of an employee organization, both for 90
initial appointments and for the filling of vacancies, the list of 91
four names submitted by the nominating committee shall be 92
comprised of four individuals who are members of the executive 93
committee of the largest statewide labor federation. 94

Thereafter, within sixty days after a vacancy occurring as a 95
result of the expiration of a term and within thirty days after 96
other vacancies occurring on the commission, the nominating 97
committee shall submit a list containing four names for each 98
vacancy. Within fourteen days after the submission of the list, 99
the governor shall appoint individuals from the list. With respect 100
to the filling of vacancies, the nominating committee shall 101
provide the governor with a list of four individuals who are, in 102
the judgment of the nominating committee, the most fully qualified 103
to accede to membership on the commission. The nominating 104
committee shall not include the name of an individual upon the 105
list for the filling of vacancies if the appointment of that 106
individual by the governor would result in more than three members 107
of the commission belonging to or being affiliated with the same 108
political party. The committee shall include on the list for the 109
filling of vacancies only the names of attorneys admitted to 110
practice law in this state if, to fulfill the requirement of 111
division (A) of section 4121.12 of the Revised Code, the vacancy 112
must be filled by an attorney. 113

In order for the name of an individual to be submitted to the 114
governor under this division, the nominating committee shall 115

approve the individual by an affirmative vote of a majority of its members. 116
117

(D) The commission shall also consist of two members, known 118
as the investment expert members. One investment expert member 119
shall be appointed by the treasurer of state and one investment 120
expert member shall be jointly appointed by the speaker of the 121
house of representatives and the president of the senate. Each 122
investment expert member shall have the following qualifications: 123

(1) Be a resident of this state; 124

(2) Within the three years immediately preceding the 125
appointment, not have been employed by the bureau of workers' 126
compensation or by any person, partnership, or corporation that 127
has provided to the bureau services of a financial or investment 128
nature, including the management, analysis, supervision, or 129
investment of assets; 130

(3) Have direct experience in the management, analysis, 131
supervision, or investment of assets. 132

Terms of office of the investment expert members shall be for 133
three years, with each term ending on the same day of the same 134
month as did the term that it succeeds. Each member shall hold 135
office for the date of the member's appointment until the end of 136
the term for which the member was appointed. The president, 137
speaker, and treasurer shall not appoint any person to more than 138
two full terms of office on the commission. This restriction does 139
not prevent the president, speaker, and treasurer from appointing 140
a person to fill a vacancy caused by the death, resignation, or 141
removal of a commission member and also appointing that person 142
twice to full terms on the commission, or from appointing a person 143
previously appointed to fill less than a full term twice to full 144
terms on the commission. Any investment expert member appointed to 145
fill a vacancy occurring prior to the expiration of the term for 146

which the member's predecessor was appointed shall hold office 147
until the end of that term. The member shall continue in office 148
subsequent to the expiration date of the member's term until the 149
member's successor takes office or until a period of sixty days 150
has elapsed, whichever occurs first. 151

The investment expert members of the oversight commission 152
shall vote only on investment matters. 153

(E) The remaining four members of the commission shall be the 154
chairperson and ranking minority member of the standing committees 155
of the house of representatives and of the senate to which 156
legislation concerning this chapter and Chapters 4123., 4127., and 157
4131. of the Revised Code normally are referred, or a designee of 158
the chairperson or ranking minority member, provided that the 159
designee is a member of the standing committee. Legislative 160
members shall serve during the session of the general assembly to 161
which they are elected and for as long as they are members of the 162
general assembly. Legislative members shall serve in an advisory 163
capacity to the commission and shall have no voting rights on 164
matters coming before the commission. Membership on the commission 165
by legislative members shall not be deemed as holding a public 166
office. 167

(F) All members of the commission shall receive their 168
reasonable and necessary expenses pursuant to section 126.31 of 169
the Revised Code while engaged in the performance of their duties 170
as members. Members appointed by the governor and the investment 171
expert members also shall receive an annual salary not to exceed 172
eighteen thousand dollars payable on the following basis: 173

(1) Except as provided in division (F)(2) of this section, a 174
member shall receive two thousand dollars during a month in which 175
the member attends one or more meetings of the commission and 176
shall receive no payment during a month in which the member 177
attends no meeting of the commission. 178

(2) A member may receive no more than the annual eighteen thousand dollar salary regardless of the number of meetings held by the commission during a year or the number of meetings in excess of nine within a year that the member attends.

The chairperson of the commission shall set the meeting dates of the commission as necessary to perform the duties of the commission under this chapter and Chapters 4123., 4127., and 4131. of the Revised Code. The commission shall meet at least nine times during the period commencing on the first day of September and ending on the thirty-first day of August of the following year. The administrator of workers' compensation shall provide professional and clerical assistance to the commission, as the commission considers appropriate.

(G) The commission shall:

(1) Review progress of the bureau in meeting its cost and quality objectives and in complying with this chapter and Chapters 4123., 4127., and 4131. of the Revised Code;

(2) Issue an annual report on the cost and quality objectives of the bureau to the president of the senate, the speaker of the house of representatives, and the governor;

(3) Review all independent financial audits of the bureau. The administrator shall provide access to records of the bureau to facilitate the review required under this division.

(4) Study issues as requested by the administrator or the governor;

(5) Contract with an independent actuarial firm to assist the commission in making recommendations to the administrator regarding premium rates;

(6) Establish ~~objectives, policies, and criteria~~ an investment policy using the classes of investments specified in

~~section 4123.442 of the Revised Code for the administration of the investment program administrator to implement that include includes the asset allocation targets and ranges, risk factors, asset class benchmarks, time horizons, total return objectives, and performance evaluation guidelines, and monitor the administrator's progress in implementing the objectives, policies, and criteria investment policy on a quarterly basis. The commission shall not specify in the objectives, policies, and criteria that the administrator or employees of the bureau are prohibited from conducting business with an investment management firm, any investment management professional associated with that firm, any third party solicitor associated with that firm, or any political action committee controlled by that firm or controlled by an investment management professional of that firm based on criteria that are more restrictive than the restrictions described in divisions (Y) and (Z) of section 3517.13 of the Revised Code. The commission shall review~~

~~(7) Review and publish the objectives, policies, and criteria investment policy no less than annually and shall make copies available to interested parties. The commission shall prohibit;~~

~~(8) Prohibit, on a prospective basis, any specific investment it finds to be contrary to its investment objectives, policies, and criteria policy.~~

~~The objectives, policies, and criteria adopted by the commission for the operation of the investment program shall prohibit investing assets of funds, directly or indirectly, in vehicles that target any of the following:~~

~~(a) Coins;~~

~~(b) Artwork;~~

~~(c) Horses;~~

~~(d) Jewelry or gems;~~

(e) Stamps;	240
(f) Antiques;	241
(g) Artifacts;	242
(h) Collectibles;	243
(i) Memorabilia;	244
(j) Similar unregulated investments that are not commonly part of an institutional portfolio, that lack liquidity, and that lack readily determinable valuation.	245 246 247
(7) Specify in the objectives, policies, and criteria for the investment program that the administrator is permitted to invest in an investment class only if the commission, by a majority vote, opens that class. After the commission opens a class but prior to the administrator investing in that class, the commission shall adopt rules establishing due diligence standards for employees of the bureau to follow when investing in that class and shall establish policies and procedures to review and monitor the performance and value of each investment class. The commission shall submit a report annually on the performance and value of each investment class to the governor, the president and minority leader of the senate, and the speaker and minority leader of the house of representatives. The commission may vote to close any investment class.	248 249 250 251 252 253 254 255 256 257 258 259 260 261
(8)(9) Advise and consent on all of the following:	262
(a) Administrative rules the administrator submits to it pursuant to division (B)(5) of section 4121.121 of the Revised Code for the classification of occupations or industries, for premium rates and contributions, for the amount to be credited to the surplus fund, for rules and systems of rating, rate revisions, and merit rating;	263 264 265 266 267 268
(b) The overall policy of the bureau of workers' compensation	269

as set by the administrator;	270
(c) The duties and authority conferred upon the administrator pursuant to section 4121.37 of the Revised Code;	271 272
(d) Rules the administrator adopts for the health partnership program and the qualified health plan system, as provided in sections 4121.44, 4121.441, and 4121.442 of the Revised Code;	273 274 275
(e) Rules the administrator submits to it pursuant to Chapter 4167. of the Revised Code regarding the public employment risk reduction program and the protection of public health care workers from exposure incidents.	276 277 278 279
As used in this division, "public health care worker" and "exposure incident" have the same meanings as in section 4167.25 of the Revised Code.	280 281 282
(9) <u>(10)</u> Perform all duties required under section 4121.125 of the Revised Code.	283 284
(H) The office of a member of the commission who is convicted of or pleads guilty to a felony, a theft offense as defined in section 2913.01 of the Revised Code, or a violation of section 102.02, 102.03, 102.04, 2921.02, 2921.11, 2921.13, 2921.31, 2921.41, 2921.42, 2921.43, or 2921.44 of the Revised Code shall be deemed vacant. The vacancy shall be filled in the same manner as the original appointment. A person who has pleaded guilty to or been convicted of an offense of that nature is ineligible to be a member of the commission. A member who receives a bill of indictment for any of the offenses specified in this section shall be automatically suspended from the commission pending resolution of the criminal matter.	285 286 287 288 289 290 291 292 293 294 295 296
(I) As used in this section, "employee organization" means any labor or bona fide organization in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages,	297 298 299 300

hours, terms and other conditions of employment. 301

Sec. 4121.121. (A) There is hereby created the bureau of 302
workers' compensation, which shall be administered by the 303
administrator of workers' compensation. A person appointed to the 304
position of administrator shall possess significant management 305
experience in effectively managing an organization or 306
organizations of substantial size and complexity. The governor 307
shall appoint the administrator as provided in section 121.03 of 308
the Revised Code, and the administrator shall serve at the 309
pleasure of the governor. The governor shall fix the 310
administrator's salary on the basis of the administrator's 311
experience and the administrator's responsibilities and duties 312
under this chapter and Chapters 4123., 4127., 4131., and 4167. of 313
the Revised Code. The governor shall not appoint to the position 314
of administrator any person who has, or whose spouse has, given a 315
contribution to the campaign committee of the governor in an 316
amount greater than one thousand dollars during the two-year 317
period immediately preceding the date of the appointment of the 318
administrator. 319

The administrator shall hold no other public office and shall 320
devote full time to the duties of administrator. Before entering 321
upon the duties of the office, the administrator shall take an 322
oath of office as required by sections 3.22 and 3.23 of the 323
Revised Code, and shall file in the office of the secretary of 324
state, a bond signed by the administrator and by surety approved 325
by the governor, for the sum of fifty thousand dollars payable to 326
the state, conditioned upon the faithful performance of the 327
administrator's duties. 328

(B) The administrator is responsible for the management of 329
the bureau of workers' compensation and for the discharge of all 330
administrative duties imposed upon the administrator in this 331

chapter and Chapters 4123., 4127., 4131., and 4167. of the Revised Code, and in the discharge thereof shall do all of the following:

(1) Establish the overall administrative policy of the bureau for the purposes of this chapter and Chapters 4123., 4127., 4131., and 4167. of the Revised Code, and perform all acts and exercise all authorities and powers, discretionary and otherwise that are required of or vested in the bureau or any of its employees in this chapter and Chapters 4123., 4127., 4131., and 4167. of the Revised Code, except the acts and the exercise of authority and power that is required of and vested in the workers' compensation oversight commission or the industrial commission pursuant to those chapters. The treasurer of state shall honor all warrants signed by the administrator, or by one or more of the administrator's employees, authorized by the administrator in writing, or bearing the facsimile signature of the administrator or such employee under sections 4123.42 and 4123.44 of the Revised Code.

(2) Employ, direct, and supervise all employees required in connection with the performance of the duties assigned to the bureau by this chapter and Chapters 4123., 4127., 4131., and 4167. of the Revised Code, and may establish job classification plans and compensation for all employees of the bureau provided that this grant of authority shall not be construed as affecting any employee for whom the state employment relations board has established an appropriate bargaining unit under section 4117.06 of the Revised Code. All positions of employment in the bureau are in the classified civil service except those employees the administrator may appoint to serve at the administrator's pleasure in the unclassified civil service pursuant to section 124.11 of the Revised Code. The administrator shall fix the salaries of employees the administrator appoints to serve at the administrator's pleasure, including the chief operating officer,

staff physicians, and other senior management personnel of the 364
bureau and shall establish the compensation of staff attorneys of 365
the bureau's legal section and their immediate supervisors, and 366
take whatever steps are necessary to provide adequate compensation 367
for other staff attorneys. 368

The administrator may appoint a person who holds a certified 369
position in the classified service within the bureau to a position 370
in the unclassified service within the bureau. A person appointed 371
pursuant to this division to a position in the unclassified 372
service shall retain the right to resume the position and status 373
held by the person in the classified service immediately prior to 374
the person's appointment in the unclassified service, regardless 375
of the number of positions the person held in the unclassified 376
service. An employee's right to resume a position in the 377
classified service may only be exercised when the administrator 378
demotes the employee to a pay range lower than the employee's 379
current pay range or revokes the employee's appointment to the 380
unclassified service. An employee forfeits the right to resume a 381
position in the classified service when the employee is removed 382
from the position in the unclassified service due to incompetence, 383
inefficiency, dishonesty, drunkenness, immoral conduct, 384
insubordination, discourteous treatment of the public, neglect of 385
duty, violation of this chapter or Chapter 124., 4123., 4127., 386
4131., or 4167. of the Revised Code, violation of the rules of the 387
director of administrative services or the administrator ~~of~~ 388
~~workers' compensation~~, any other failure of good behavior, any 389
other acts of misfeasance, malfeasance, or nonfeasance in office, 390
or conviction of a felony. An employee also forfeits the right to 391
resume a position in the classified service upon transfer to a 392
different agency. 393

Reinstatement to a position in the classified service shall 394
be to a position substantially equal to that position in the 395

classified service held previously, as certified by the department 396
of administrative services. If the position the person previously 397
held in the classified service has been placed in the unclassified 398
service or is otherwise unavailable, the person shall be appointed 399
to a position in the classified service within the bureau that the 400
director of administrative services certifies is comparable in 401
compensation to the position the person previously held in the 402
classified service. Service in the position in the unclassified 403
service shall be counted as service in the position in the 404
classified service held by the person immediately prior to the 405
person's appointment in the unclassified service. When a person is 406
reinstated to a position in the classified service as provided in 407
this division, the person is entitled to all rights, status, and 408
benefits accruing to the position during the person's time of 409
service in the position in the unclassified service. 410

(3) Reorganize the work of the bureau, its sections, 411
departments, and offices to the extent necessary to achieve the 412
most efficient performance of its functions and to that end may 413
establish, change, or abolish positions and assign and reassign 414
duties and responsibilities of every employee of the bureau. All 415
persons employed by the industrial commission in positions that, 416
after November 3, 1989, are supervised and directed by the 417
administrator under this section are transferred to the bureau in 418
their respective classifications but subject to reassignment and 419
reclassification of position and compensation as the administrator 420
determines to be in the interest of efficient administration. The 421
civil service status of any person employed by the industrial 422
commission is not affected by this section. Personnel employed by 423
the bureau or the industrial commission who are subject to Chapter 424
4117. of the Revised Code shall retain all of their rights and 425
benefits conferred pursuant to that chapter as it presently exists 426
or is hereafter amended and nothing in this chapter or Chapter 427
4123. of the Revised Code shall be construed as eliminating or 428

interfering with Chapter 4117. of the Revised Code or the rights 429
and benefits conferred under that chapter to public employees or 430
to any bargaining unit. 431

(4) Provide offices, equipment, supplies, and other 432
facilities for the bureau. 433

(5) Prepare and submit to the oversight commission 434
information the administrator considers pertinent or the oversight 435
commission requires, together with the administrator's 436
recommendations, in the form of administrative rules, for the 437
advice and consent of the oversight commission, for 438
classifications of occupations or industries, for premium rates 439
and contributions, for the amount to be credited to the surplus 440
fund, for rules and systems of rating, rate revisions, and merit 441
rating. The administrator shall obtain, prepare, and submit any 442
other information the oversight commission requires for the prompt 443
and efficient discharge of its duties. 444

(6) Keep the accounts required by division (A) of section 445
4123.34 of the Revised Code and all other accounts and records 446
necessary to the collection, administration, and distribution of 447
the workers' compensation funds and shall obtain the statistical 448
and other information required by section 4123.19 of the Revised 449
Code. 450

(7) Exercise the investment powers vested in the 451
administrator by section 4123.44 of the Revised Code in accordance 452
with the investment ~~objectives, policies, and criteria~~ policy 453
established by the oversight commission pursuant to section 454
4121.12 of the Revised Code and in consultation with the chief 455
investment officer of the bureau of workers' compensation. ~~The~~ 456
~~administrator shall not engage in any prohibited investment~~ 457
~~activity specified by the oversight commission pursuant to~~ 458
~~division (G)(6) of section 4121.12 of the Revised Code and shall~~ 459
~~not invest in any type of investment specified in divisions~~ 460

~~(C)(6)(a) to (j) of that section.~~ All business shall be 461
transacted, all funds invested, all warrants for money drawn and 462
payments made, and all cash and securities and other property 463
held, in the name of the bureau, or in the name of its nominee, 464
provided that nominees are authorized by the administrator solely 465
for the purpose of facilitating the transfer of securities, and 466
restricted to the administrator and designated employees. 467

(8) Make contracts for and supervise the construction of any 468
project or improvement or the construction or repair of buildings 469
under the control of the bureau. 470

(9) Purchase supplies, materials, equipment, and services; 471
make contracts for, operate, and superintend the telephone, other 472
telecommunication, and computer services for the use of the 473
bureau; and make contracts in connection with office reproduction, 474
forms management, printing, and other services. Notwithstanding 475
sections 125.12 to 125.14 of the Revised Code, the administrator 476
may transfer surplus computers and computer equipment directly to 477
an accredited public school within the state. The computers and 478
computer equipment may be repaired or refurbished prior to the 479
transfer. 480

(10) Separately from the budget the industrial commission 481
submits, prepare and submit to the director of budget and 482
management a budget for each biennium. The budget submitted shall 483
include estimates of the costs and necessary expenditures of the 484
bureau in the discharge of any duty imposed by law. 485

(11) As promptly as possible in the course of efficient 486
administration, decentralize and relocate such of the personnel 487
and activities of the bureau as is appropriate to the end that the 488
receipt, investigation, determination, and payment of claims may 489
be undertaken at or near the place of injury or the residence of 490
the claimant and for that purpose establish regional offices, in 491
such places as the administrator considers proper, capable of 492

discharging as many of the functions of the bureau as is 493
practicable so as to promote prompt and efficient administration 494
in the processing of claims. All active and inactive lost-time 495
claims files shall be held at the service office responsible for 496
the claim. A claimant, at the claimant's request, shall be 497
provided with information by telephone as to the location of the 498
file pertaining to the claimant's claim. The administrator shall 499
ensure that all service office employees report directly to the 500
director for their service office. 501

(12) Provide a written binder on new coverage where the 502
administrator considers it to be in the best interest of the risk. 503
The administrator, or any other person authorized by the 504
administrator, shall grant the binder upon submission of a request 505
for coverage by the employer. A binder is effective for a period 506
of thirty days from date of issuance and is nonrenewable. Payroll 507
reports and premium charges shall coincide with the effective date 508
of the binder. 509

(13) Set standards for the reasonable and maximum handling 510
time of claims payment functions, ensure, by rules, the impartial 511
and prompt treatment of all claims and employer risk accounts, and 512
establish a secure, accurate method of time stamping all incoming 513
mail and documents hand delivered to bureau employees. 514

(14) Ensure that all employees of the bureau follow the 515
orders and rules of the industrial commission as such orders and 516
rules relate to the industrial commission's overall adjudicatory 517
policy-making and management duties under this chapter and 518
Chapters 4123., 4127., and 4131. of the Revised Code. 519

(15) Manage and operate a data processing system with a 520
common data base for the use of both the bureau and the industrial 521
commission and, in consultation with the industrial commission, 522
using electronic data processing equipment, shall develop a claims 523
tracking system that is sufficient to monitor the status of a 524

claim at any time and that lists appeals that have been filed and 525
orders or determinations that have been issued pursuant to section 526
4123.511 or 4123.512 of the Revised Code, including the dates of 527
such filings and issuances. 528

(16) Establish and maintain a medical section within the 529
bureau. The medical section shall do all of the following: 530

(a) Assist the administrator in establishing standard medical 531
fees, approving medical procedures, and determining eligibility 532
and reasonableness of the compensation payments for medical, 533
hospital, and nursing services, and in establishing guidelines for 534
payment policies which recognize usual, customary, and reasonable 535
methods of payment for covered services; 536

(b) Provide a resource to respond to questions from claims 537
examiners for employees of the bureau; 538

(c) Audit fee bill payments; 539

(d) Implement a program to utilize, to the maximum extent 540
possible, electronic data processing equipment for storage of 541
information to facilitate authorizations of compensation payments 542
for medical, hospital, drug, and nursing services; 543

(e) Perform other duties assigned to it by the administrator. 544

(17) Appoint, as the administrator determines necessary, 545
panels to review and advise the administrator on disputes arising 546
over a determination that a health care service or supply provided 547
to a claimant is not covered under this chapter or Chapter 4123. 548
of the Revised Code or is medically unnecessary. If an individual 549
health care provider is involved in the dispute, the panel shall 550
consist of individuals licensed pursuant to the same section of 551
the Revised Code as such health care provider. 552

(18) Pursuant to section 4123.65 of the Revised Code, approve 553
applications for the final settlement of claims for compensation 554

or benefits under this chapter and Chapters 4123., 4127., and 4131. of the Revised Code as the administrator determines appropriate, except in regard to the applications of self-insuring employers and their employees.

(19) Comply with section 3517.13 of the Revised Code, and except in regard to contracts entered into pursuant to the authority contained in section 4121.44 of the Revised Code, comply with the competitive bidding procedures set forth in the Revised Code for all contracts into which the administrator enters provided that those contracts fall within the type of contracts and dollar amounts specified in the Revised Code for competitive bidding and further provided that those contracts are not otherwise specifically exempt from the competitive bidding procedures contained in the Revised Code.

(20) Adopt, with the advice and consent of the oversight commission, rules for the operation of the bureau.

(21) Prepare and submit to the oversight commission information the administrator considers pertinent or the oversight commission requires, together with the administrator's recommendations, in the form of administrative rules, for the advice and consent of the oversight commission, for the health partnership program and the qualified health plan system, as provided in sections 4121.44, 4121.441, and 4121.442 of the Revised Code.

(C) The administrator, with the advice and consent of the senate, shall appoint a chief operating officer who has significant experience in the field of workers' compensation insurance or other similar insurance industry experience if the administrator does not possess such experience. The chief operating officer shall not commence the chief operating officer's duties until after the senate consents to the chief operating officer's appointment. The chief operating officer shall serve in

the unclassified civil service of the state. 587

Sec. 4121.126. Except as provided in this chapter, no member 588
of the workers' compensation oversight commission or employee of 589
the bureau of workers' compensation shall have any direct or 590
indirect interest in the gains or profits of any investment made 591
by the administrator of workers' compensation or shall receive 592
directly or indirectly any pay or emolument for the member's or 593
employee's services. No member or person connected with the bureau 594
directly or indirectly, for self or as an agent or partner of 595
others, shall borrow any of its funds or deposits or in any manner 596
use the funds or deposits except to make current and necessary 597
payments that are authorized by the administrator. No member of 598
the oversight commission or employee of the bureau shall become an 599
indorser or surety or become in any manner an obligor for moneys 600
loaned by or borrowed from the bureau. 601

The administrator shall not make ~~no investments through or~~ 602
any purchases from, or otherwise do any business with, any 603
individual who is, or any partnership, association, or corporation 604
that is owned or controlled by, a person who within the preceding 605
three years was employed by the bureau, a board member of, or an 606
officer of the oversight commission, or a person who within the 607
preceding three years was employed by or was an officer holding a 608
fiduciary, administrative, supervisory, or trust position, or any 609
other position in which such person would be involved, on behalf 610
of the person's employer, in decisions or recommendations 611
affecting the investment policy of the bureau, and in which such 612
person would benefit by any monetary gain. 613

Sec. 4123.44. The voting members of the workers' compensation 614
oversight commission, the administrator of workers' compensation, 615
and the bureau of workers' compensation chief investment officer 616
are the trustees of the state insurance fund. The administrator of 617

~~workers' compensation, in accordance with sections 4121.126 and 618
4121.127 of the Revised Code and the investment objectives, 619
policies, and criteria policy established by the workers' 620
compensation oversight commission pursuant to section 4121.12 of 621
the Revised Code, and in consultation with the bureau of workers' 622
compensation chief investment officer, may invest any of the 623
surplus or reserve belonging to the state insurance fund in the 624
classes of investments specified in section 4123.442 of the 625
Revised Code. 626~~

~~The administrator shall not invest in any type of investment 627
specified in divisions (G)(6)(a) to (j) of section 4121.12 of the 628
Revised Code. 629~~

~~The administrator and other fiduciaries shall discharge their 630
duties with respect to the funds with the care, skill, prudence, 631
and diligence under the circumstances then prevailing that a 632
prudent person acting in a like capacity and familiar with such 633
matters would use in the conduct of an enterprise of a like 634
character and with like aims, and by diversifying the investments 635
of the assets of the funds so as to minimize the risk of large 636
losses, unless under the circumstances it is clearly prudent not 637
to do so. 638~~

~~To facilitate investment of the funds, the administrator may 639
establish a partnership, trust, limited liability company, 640
corporation, including a corporation exempt from taxation under 641
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as 642
amended, or any other legal entity authorized to transact business 643
in this state. 644~~

~~When reporting on the performance of investments, the 645
administrator shall comply with the performance presentation 646
standards established by the association for investment management 647
and research. 648~~

All investments shall be purchased at current market prices 649
and the evidences of title to the investments shall be placed in 650
the custody of the treasurer of state, who is hereby designated as 651
custodian, or in the custody of the treasurer of state's 652
authorized agent. Evidences of title of the investments so 653
purchased may be deposited by the treasurer of state for 654
safekeeping with an authorized agent selected by the treasurer of 655
state who is a qualified trustee under section 135.18 of the 656
Revised Code. The treasurer of state or the agent shall collect 657
the principal, dividends, distributions, and interest as they 658
become due and payable and place them when collected into the 659
state insurance fund. 660

The treasurer of state shall pay for investments purchased by 661
the administrator on receipt of written or electronic instructions 662
from the administrator or the administrator's designated agent 663
authorizing the purchase, and pending receipt of the evidence of 664
title of the investment by the treasurer of state or the treasurer 665
of state's authorized agent. The administrator may sell 666
investments held by the administrator, and the treasurer of state 667
or the treasurer of state's authorized agent shall accept payment 668
from the purchaser and deliver evidence of title of the investment 669
to the purchaser, on receipt of written or electronic instructions 670
from the administrator or the administrator's designated agent 671
authorizing the sale, and pending receipt of the moneys for the 672
investments. The amount received shall be placed in the state 673
insurance fund. The administrator and the treasurer of state may 674
enter into agreements to establish procedures for the purchase and 675
sale of investments under this division and the custody of the 676
investments. 677

No purchase or sale of any investment shall be made under 678
this section, except as authorized by the administrator. 679

Any statement of financial position distributed by the 680

administrator shall include the fair value, as of the statement 681
date, of all investments held by the administrator under this 682
section. 683

~~When in the judgment of the administrator it is necessary to 684
provide available funds for the payment of compensation or 685
benefits under this chapter, the administrator may borrow money 686
from any available source and pledge as security a sufficient 687
amount of bonds or other securities in which the state insurance 688
fund is invested. The aggregate unpaid amount of loans existing at 689
any one time for money so borrowed shall not exceed ten million 690
dollars. The bonds or other securities so pledged as security for 691
such loans to the administrator shall be the sole security for the 692
payment of the principal and interest of any such loan. The 693
administrator shall not be personally liable for the payment of 694
the principal or the interest of any such loan. No such loan shall 695
be made for a longer period of time than one year. Such loans may 696
be renewed but no one renewal shall be for a period in excess of 697
one year. Such loans shall bear such rate of interest as the 698
administrator determines and in negotiating the loans, the 699
administrator shall endeavor to secure as favorable interest rates 700
and terms as circumstances will permit. 701~~

~~The treasurer of state may deliver to the person or 702
governmental agency making such loan, the bonds or other 703
securities which are to be pledged by the administrator as 704
security for such loan, upon receipt by the treasurer of state of 705
an order of the administrator authorizing such loan. Upon payment 706
of any such loan by the administrator, the bonds or other 707
securities pledged as security therefor shall be returned to the 708
treasurer of state as custodian of such bonds. 709~~

~~The administrator may pledge with the treasurer of state such 710
amount of bonds or other securities in which the state insurance 711
fund is invested as is reasonably necessary as security for any 712~~

~~certificates issued, or paid out, by the treasurer of state upon
any warrants drawn by the administrator.~~ 713
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The administrator ~~may~~ shall not secure investment information 715
services, consulting services, ~~and or~~ or other like services to 716
facilitate investment of the surplus and reserve belonging to the 717
state insurance fund and shall not enter into a contract with an 718
investment manager to have that manager invest the assets of the 719
state insurance fund. ~~The administrator shall pay the expense of~~ 720
~~securing such services from the state insurance fund.~~ 721

As used in this section, "investment manager" means a person 722
who makes investments on behalf of another person but is not 723
employed by that person. "Investment manager" does not include a 724
venture capital firm. 725

Sec. 4123.441. (A) The bureau of workers' compensation, with 726
the advice and consent of the workers' compensation oversight 727
commission shall employ a person or designate an employee of the 728
bureau who is designated as a chartered financial analyst by the 729
CFA institute and who is licensed by the division of securities in 730
the department of commerce as a bureau of workers' compensation 731
chief investment officer to be the chief investment officer for 732
the bureau of workers' compensation. After ninety days after ~~the~~ 733
~~effective date of this section~~ September 29, 2005, the bureau of 734
workers' compensation may not employ a bureau of workers' 735
compensation chief investment officer, as defined in section 736
1707.01 of the Revised Code, who does not hold a valid bureau of 737
workers' compensation chief investment officer license issued by 738
the division of securities in the department of commerce. The 739
oversight commission shall notify the division of securities of 740
the department of commerce in writing of its designation and of 741
any change in its designation within ten calendar days after the 742
designation or change. 743

(B) The bureau of workers' compensation chief investment officer shall reasonably supervise employees of the bureau who handle investment of assets of funds specified in this chapter and Chapters 4121., 4127., and 4131. of the Revised Code with a view toward preventing violations of Chapter 1707. of the Revised Code, the "Commodity Exchange Act," 42 Stat. 998, 7 U.S.C. 1, the "Securities Act of 1933," 48 Stat. 74, 15 U.S.C. 77a, the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78a, and the rules and regulations adopted under those statutes. This duty of reasonable supervision shall include the adoption, implementation, and enforcement of written policies and procedures reasonably designed to prevent employees of the bureau who handle investment of assets of the funds specified in this chapter and Chapters 4121., 4127., and 4131. of the Revised Code, from misusing material, nonpublic information in violation of those laws, rules, and regulations.

For purposes of this division, no bureau of workers' compensation chief investment officer shall be considered to have failed to satisfy the officer's duty of reasonable supervision if the officer has done all of the following:

(1) Adopted and implemented written procedures, and a system for applying the procedures, that would reasonably be expected to prevent and detect, insofar as practicable, any violation by employees handling investments of assets of the funds specified in this chapter and Chapters 4121., 4127., and 4131. of the Revised Code;

(2) Reasonably discharged the duties and obligations incumbent on the bureau of workers' compensation chief investment officer by reason of the established procedures and the system for applying the procedures when the officer had no reasonable cause to believe that there was a failure to comply with the procedures and systems;

(3) Reviewed, at least annually, the adequacy of the policies 776
and procedures established pursuant to this section and the 777
effectiveness of their implementation. 778

~~(C) The bureau of workers' compensation chief investment 779
officer shall establish and maintain a policy to monitor and 780
evaluate the effectiveness of securities transactions executed on 781
behalf of the bureau. 782~~

Sec. 4123.442. (A) The administrator of workers' 783
compensation, in accordance with section 4123.44 of the Revised 784
Code, may invest the surplus and reserve of the state insurance 785
fund in any of the following classes of investments: 786

(1) Bonds and mortgages on unencumbered real estate within 787
this or any other state worth twenty-five per cent more than the 788
sum loaned thereon, exclusive of buildings, unless such buildings 789
are insured by some company authorized to do business in this 790
state; 791

(2) Bonds, notes, debentures, and other such obligations 792
secured by mortgages insured by the federal housing administrator 793
or the secretary of agriculture of the United States under Title I 794
of "The Bankhead-Jones Farm Tenant Act" as amended; 795

(3) Loans to veterans guaranteed in whole or in part by the 796
United States pursuant to Title III of the "Servicemen's 797
Readjustment Act of 1944," 58 Stat. 284, 38 U.S.C. 693, as 798
amended, provided such guaranteed loans are liens upon real 799
estate; 800

(4) Legally authorized and executed bonds, notes, warrants, 801
and securities that are the direct obligation of or are guaranteed 802
as to both principal and interest by Canada, that are the direct 803
obligation of or are guaranteed as to both principal and interest 804
by any province of Canada, that are the direct obligation of or 805

are guaranteed as to both principal and interest by any municipal corporation of Canada having a population of one hundred thousand or more by the latest official census, and that are not in default as to principal or interest; 806
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(5) Obligations issued, assumed, or guaranteed by the international finance corporation or by the international bank for reconstruction and development, the Asian development bank, the inter-American development bank, the African development bank, or similar development bank in which the president, as authorized by congress and on behalf of the United States, has accepted membership. 810
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(6) Bonds or other evidences of indebtedness, not in default as to principal or interest, that are valid obligations issued, assumed, or guaranteed by the United States or for which the faith of the United States is pledged to provide payment of the interest and principal, by any state thereof, by the Commonwealth of Puerto Rico, by any territory or insular possession of the United States, or by the District of Columbia, or for which the faith of the state or the District of Columbia is pledged to provide payment of the interest and principal; 817
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(7) Bonds or other evidences of indebtedness, not in default as to principal or interest, that are valid obligations issued, assumed, or guaranteed by any county, municipal corporation, district, or political subdivision, or by any civil division or public instrumentality of such governmental units, if by statutory or other legal requirements such obligations are payable, as to both principal and interest, from taxes levied upon all taxable property within the jurisdiction of such governmental unit and if they are direct obligations of such a governmental unit, that unit has not defaulted for a period of more than one hundred twenty days in the payment of interest upon, or for a period of more than one year in the payment of principal of, any of its bonds, notes, 826
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warrants, securities, or other interest-bearing obligations, 838
during the ten years immediately preceding the acquisition of such 839
bonds, notes, warrants, securities, or other interest-bearing 840
obligations; 841

(8) Bonds or other obligations issued by or for account of 842
any governmental unit specified in division (A)(7) of this section 843
having a population of five thousand or more by the latest 844
official federal or state census that are payable as to both 845
principal and interest from revenues or earnings from the whole or 846
any part of a publicly owned utility, provided that by statute or 847
other applicable legal requirements, rates from the service or 848
operation of such utility must be fixed, maintained, and collected 849
at all times so as to produce sufficient revenues or earnings to 850
pay both principal and interest of such bonds or obligations as 851
they become due; 852

(9) Any bonds or obligations issued or guaranteed by the 853
United States, any state, the District of Columbia, the 854
Commonwealth of Puerto Rico, any county, municipal corporation, 855
district, political subdivision, civil division, commission, 856
board, authority, agency, or other instrumentality of one or more 857
of them, if all of the following apply: 858

(a) There is a specific pledge of revenues, earnings, or 859
other adequate security; 860

(b) No prior or parity obligation of the same issuer, payable 861
from revenues or earnings from the same source, has been in 862
default as to principal or interest during the five years next 863
preceding the date of such investment, but such issuer need not 864
have been in existence for that period, and obligations acquired 865
under this division may be newly issued; 866

(c) There is adequate provision for payment of expenses of 867
operation and maintenance and the principal and interest on all 868

<u>obligations when due.</u>	869
<u>(10) Any bonds issued by or for federal land banks and any debentures issued by or for federal intermediate credit banks under the act of congress known as the "Federal Farm Loan Act of 1916," 39 Stat. 360, 12 U.S.C.A. 641 and amendment thereto;</u>	870 871 872 873
<u>(11) Any debentures issued by or for banks for cooperatives under the act of congress known as the "Farm Credit Act of 1933," 48 Stat. 257, 12 U.S.C.A. 131 and amendments thereto;</u>	874 875 876
<u>(12) Bonds issued under the "Home Owners' Loan Act of 1933," 48 Stat. 128, 12 U.S.C.A. 1461;</u>	877 878
<u>(13) The stock of a national bank located in this state, organized under an act of congress entitled "An act to provide a national currency, secured by the pledge of United States stocks, and to provide for the circulation and redemption thereof," approved February 25, 1863, and acts amendatory thereof and supplementary thereto;</u>	879 880 881 882 883 884
<u>(14) First mortgage bonds of railroads upon which default in the payment of the interest coupons has not been made within three years prior to the purchase thereof by the administrator;</u>	885 886 887
<u>(15) Legally authorized and executed bonds, notes, warrants, and other interest-bearing securities of any school district, water district, road district; or any special district of any state or of the District of Columbia, if both of the following apply:</u>	888 889 890 891 892
<u>(a) Such school district, water district, road district, or special district has been created by legislative action and is empowered to levy taxes on all taxable property in such district for the payment of such bonds, notes, warrants, and other interest-bearing securities.</u>	893 894 895 896 897
<u>(b) Such school district, water district, road district, or</u>	898

special district has not defaulted for a period of more than one 899
hundred twenty days in the payment of interest upon, or for a 900
period of more than one year in the payment of principal of, its 901
bonds, notes, warrants, and other interest-bearing securities, 902
during the ten years immediately preceding the acquisition of such 903
bonds, notes, warrants, and other interest-bearing securities. 904

(16) Any securities described in section 77r-1 of the 905
"Secondary Mortgage Market Enhancement Act of 1984," 98 Stat. 906
1689, 15 U.S.C.A. 77r-1, subject to all of the limitations 907
prescribed in divisions (B)(6) to (9) of this section for 908
investments not guaranteed by the full faith and credit of the 909
United States. 910

(17) Notwithstanding division (A)(16) of this section, any of 911
the following securities: 912

(a) Securities offered and sold pursuant to 15 U.S.C.A. 913
section 77d(5); 914

(b) Mortgage related securities described in 15 U.S.C.A. 915
section 78c(a)(41); 916

(c) Securities issued or guaranteed by the federal home loan 917
mortgage corporation or the federal national mortgage association. 918

(18) Bonds or other evidences of indebtedness, bearing or 919
accruing interest, issued, assumed, or guaranteed by any solvent 920
corporation, trust, partnership, or similar business entity 921
organized and existing under the laws of this or any other state, 922
or of the United States, the Commonwealth of Puerto Rico, or of 923
the District of Columbia, or of Canada or any province of Canada, 924
upon which there is no existing interest or principal default, 925
provided that either of the following applies: 926

(a) The bonds or other evidences of indebtedness are rated 1 927
or 2 by the securities valuation office of the national 928
association of insurance commissioners; 929

(b) The corporation, together with its predecessor corporation or corporations, or the trust, partnership, or similar business entity, has been in existence for a period of at least five years. 930
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(19) Stocks or limited liability company membership interests of any insurance, financial, investment, or investment management companies if the investment management companies are registered with the securities and exchange commission under the "Investment Company Act of 1940," 54 Stat. 789, 15 U.S.C. 80a-1, as amended; 934
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(20) Other stocks of any solvent corporation organized under the laws of this or any other state, or of the United States, the District of Columbia, Canada, or any province of Canada, if the corporation paid a dividend or distribution during the preceding twelve months on the stock to be purchased, or if the corporation, together with its predecessor corporation, has been in existence for a period of at least five years; 939
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(21) Tangible personal property or interests in that property for the production of income, provided that the administrator shall not invest in excess of two per cent of the admitted assets of the state insurance fund as of the preceding thirty-first day of December in such property or interests; 946
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(22) In equipment trust obligations or certificates, security agreements, or other evidences of indebtedness entered into or guaranteed by any company operating wholly or partly within the United States or Canada, if that debt obligation is secured by a first lien on tangible personal property that is purchased or secured for payment thereof and that debt obligation is repayable within twenty years from the date of issue in annual, semiannual, or more frequent installments beginning not later than the first year after that date; 951
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(23) Government money market funds; 960

(24) Negotiable promissory notes maturing in not more than 961
six months from the date the note is issued, secured by collateral 962
security through the transfer of any of the classes of securities 963
described in this section, with absolute power of sale within 964
twenty days after default in payment at maturity; 965

(25) Repurchase agreements with and interest-bearing 966
obligations of, including savings accounts and time certificates 967
of deposit of a national bank of the United States, a commonwealth 968
bank of Puerto Rico, a chartered bank of Canada, or a state bank, 969
provided such bank is either a member of the federal deposit 970
insurance corporation created pursuant to the "Banking Act of 971
1933," as amended, or the Canada deposit insurance corporation 972
created pursuant to the act of parliament known as the "Canada 973
Deposit Insurance Corporation Act," as amended; 974

(26) Certificates of deposit, savings share accounts, 975
investment share accounts, stock deposits, stock certificates, or 976
other evidences of indebtedness of a savings and loan association, 977
provided all such evidences of indebtedness are insured pursuant 978
to the "Financial Institutions Reform, Recovery, and Enforcement 979
Act of 1989," 103 Stat. 183, 12 U.S.C.A. 1811, as amended; 980

(27) Bankers' acceptances and bills of exchange of the kinds 981
and maturities made eligible by law for rediscount with the 982
federal reserve banks, provided that the same are accepted by a 983
bank or trust company incorporated under the laws of the United 984
States or of this state or any other bank or trust company which 985
is a member of the federal reserve system; 986

(28) Except as provided in division (A) of section 4123.443 987
of the Revised Code, any of the following: 988

(a) Bonds, notes, debentures, or other evidences of 989
indebtedness issued, assumed, or guaranteed by a solvent 990
corporation, trust, or partnership formed or existing under the 991

laws of a foreign jurisdiction, provided each such foreign 992
investment is of the same kind and quality as United States 993
investments authorized under this section; 994

(b) Common or preferred stock or shares of any solvent 995
corporation formed or existing under the laws of a foreign 996
jurisdiction, provided each such foreign investment is of the same 997
kind and quality as United States investments authorized under 998
this section; 999

(c) Bonds or other evidences of indebtedness issued, assumed, 1000
or guaranteed by a foreign jurisdiction. 1001

(29) Except as provided in division (B) of section 4123.443 1002
of the Revised Code, investments denominated in foreign currency 1003
regardless of whether they are foreign investments; 1004

(30) Any securities or other property not permitted under 1005
this section to the extent that the total amount of those 1006
investments do not exceed, in the aggregate, six per cent of the 1007
total admitted assets of the state insurance fund on the preceding 1008
thirty-first day of December, within the limitations prescribed in 1009
division (C) of section 4123.443 of the Revised Code; 1010

(31) Up to five per cent of the total admitted assets of the 1011
state insurance fund as of the preceding thirty-first day of 1012
December and within the limitations prescribed in division (C) of 1013
section 4123.443 of the Revised Code, in loans or investments in 1014
small businesses having more than half of their assets or 1015
employees in this state and in venture capital firms having an 1016
office within this state, provided that, as a condition of the 1017
administrator making an investment in a venture capital firm, the 1018
firm must agree to use its best efforts to make investments, in an 1019
aggregate amount at least equal to the investment to be made by 1020
the administrator in that venture capital firm, in small 1021
businesses having their principal offices within this state and 1022

having either more than one-half of their assets within this state 1023
or more than one-half of their employees employed within this 1024
state. 1025

(B) As used in this section and section 4123.443 of the 1026
Revised Code: 1027

(1) "Foreign currency" means a currency other than that of 1028
the United States. 1029

(2) "Foreign jurisdiction" means a jurisdiction outside the 1030
United States, Puerto Rico, or Canada whose bonds are rated 1 by 1031
the securities valuation office of the national association of 1032
insurance commissioners. 1033

(3) "Government money market fund" means a fund that at all 1034
times invests in obligations issued, guaranteed, or insured by the 1035
federal government of the United States or collateralized 1036
repurchase agreements comprised of such obligations, and that 1037
qualifies for investment without a reserve pursuant to the 1038
purposes and procedures of the securities valuation office of the 1039
national association of insurance commissioners. 1040

(4) "Small businesses" means any corporation, partnership, 1041
proprietorship, or other entity that either does not have more 1042
than four hundred employees, or would qualify as a small business 1043
for the purpose of receiving financial assistance from small 1044
business investment companies licensed under the "Small Business 1045
Investment Act of 1958," 72 Stat. 689, 15 U.S.C.A. 661, as 1046
amended, and rules of the small business administration. 1047

(5) "Venture capital firm" means any corporation, 1048
partnership, proprietorship, or other entity, the principal 1049
business of which is or will be the making of investments in small 1050
businesses. 1051

(C) As used in division (A)(31) of this section, 1052
"investments" means any equity investment, including limited 1053

partnership interests and other equity interests in which 1054
liability is limited to the amount of the investment, but does not 1055
include general partnership interests or other interests involving 1056
general liability. 1057

Sec. 4123.443. (A) The administrator shall not invest in 1058
foreign investments under division (A)(28) of section 4123.442 of 1059
the Revised Code, including investments denominated in foreign 1060
currency, a sum exceeding in the aggregate fifteen per cent of its 1061
admitted assets as of the preceding thirty-first day of December. 1062
The aggregate amount of investments held by the administrator in a 1063
single foreign jurisdiction shall not exceed three per cent of the 1064
admitted assets of the surplus and reserve of the state insurance 1065
fund as of the preceding thirty-first day of December. 1066

(B) The administrator shall not invest in investments 1067
denominated in foreign currency a sum exceeding in the aggregate 1068
ten per cent of the admitted assets of the state insurance fund as 1069
of the preceding thirty-first day of December. The aggregate 1070
amount of investments denominated in a single foreign currency 1071
held by the administrator shall not exceed three per cent of the 1072
admitted assets of the state insurance fund as of the preceding 1073
thirty-first day of December. 1074

(C) The administrator shall not, at any time, have invested a 1075
sum exceeding five per cent of the admitted assets of the state 1076
insurance fund as of the preceding thirty-first day of December in 1077
the bonds, notes, debentures, other evidences of indebtedness, and 1078
stocks of a particular corporation, trust, partnership, or similar 1079
business entity and shall not, at any time, own directly or 1080
indirectly more than twenty-five per cent of the outstanding 1081
bonds, notes, debentures, other evidences of indebtedness, and 1082
stocks of any corporation. 1083

(D) In the event that, subsequent to being made under 1084

division (A)(31) of section 4123.442 of the Revised Code, a loan 1085
or investment is determined to have become qualified as a loan or 1086
investment under any of the divisions (A)(1) to (A)(25) of that 1087
section, the administrator may consider such loan or investment as 1088
held under those divisions and such loan or investment shall no 1089
longer be considered as having been made under division (A)(31) of 1090
that section. 1091

(E) The administrator shall not own more than one-fourth of 1092
the capital stock of a national bank, shall not invest in or loan 1093
on the stocks and bonds of any railroad company to an extent 1094
exceeding one-fifth of the surplus and reserve of the state 1095
insurance fund, and shall not, in the aggregate, have an 1096
investment in and loan on all railroad property exceeding 1097
one-fourth of the surplus and reserve of the state insurance fund. 1098

The administrator shall not have at any one time more than 1099
ten per cent of the assets of the surplus and reserve of the state 1100
insurance fund invested in real estate under this section. The 1101
administrator shall not have at any one time more than two per 1102
cent of those assets invested in any one real estate investment. 1103
Nothing in this section authorizes the administrator to use an 1104
investment in real estate primarily for recreational, 1105
agricultural, or mining purposes. 1106

Sec. 4123.444. When in the judgment of the administrator of 1107
workers' compensation it is necessary to provide available funds 1108
for the payment of compensation or benefits under this chapter, 1109
the administrator may borrow money from any available source and 1110
pledge as security a sufficient amount of bonds or other 1111
securities in which the state insurance fund is invested. The 1112
aggregate unpaid amount of loans existing at any one time for 1113
money so borrowed shall not exceed ten million dollars. The bonds 1114
or other securities so pledged as security for such loans to the 1115

administrator shall be the sole security for the payment of the principal and interest of any such loan. The administrator shall not be personally liable for the payment of the principal or the interest of any such loan. No such loan shall be made for a longer period of time than one year. Such loans may be renewed but no one renewal shall be for a period in excess of one year. Such loans shall bear such rate of interest as the administrator determines and in negotiating the loans, the administrator shall endeavor to secure as favorable interest rates and terms as circumstances will permit.

The treasurer of state may deliver to the person or governmental agency making such loan, the bonds or other securities which are to be pledged by the administrator as security for such loan, upon receipt by the treasurer of state of an order of the administrator authorizing such loan. Upon payment of any such loan by the administrator, the bonds or other securities pledged as security therefor shall be returned to the treasurer of state as custodian of such bonds.

The administrator may pledge with the treasurer of state such amount of bonds or other securities in which the state insurance fund is invested as is reasonably necessary as security for any certificates issued, or paid out, by the treasurer of state upon any warrants drawn by the administrator.

Sec. ~~4123.443~~ 4123.445. Rental payments by the bureau of workers' compensation or the industrial commission to or for the benefit of the state insurance fund for each building owned by the bureau that was constructed or acquired as an investment in productive real estate, shall be made pursuant to a lease agreement for a term that shall not exceed two years. Beginning July 1, 1991, the rental payments to be made under each such lease agreement shall include the amount needed to amortize the

construction or acquisition costs for the building over a period 1147
not to exceed twenty-five years, and, until such costs are 1148
amortized, an amount representing return on investment to the 1149
state insurance fund determined by multiplying the unamortized 1150
acquisition or construction costs of the building by a rate that 1151
is not more than three per cent below the rate determined by the 1152
tax commissioner under division (B) of section 5703.47 of the 1153
Revised Code. 1154

Section 2. That existing sections 4121.12, 4121.121, 1155
4121.126, 4123.44, 4123.441, and 4123.443 and sections 109.579, 1156
4123.444, and 4123.445 of the Revised Code are hereby repealed. 1157

Section 3. The Workers' Compensation Oversight Commission 1158
shall adopt an investment policy that meets the requirements of 1159
section 4121.12 of the Revised Code, as amended by this act, no 1160
later than ninety days after the effective date of this act. The 1161
investment objectives, policies, and criteria in existence on the 1162
effective date of this act shall remain in effect until the 1163
Oversight Commission establishes the new investment policy. 1164

Section 4. This act applies to investments made on or after 1165
the effective date of the investment policy adopted by the 1166
Workers' Compensation Oversight Commission pursuant to Section 3 1167
of this act. A contract between the Administrator of Workers' 1168
Compensation and an investment manager in existence on the 1169
effective date of this act shall expire in accordance with the 1170
terms of the contract, and the Administrator shall not renew or 1171
extend that contract. 1172