

**As Introduced**

**128th General Assembly  
Regular Session  
2009-2010**

**H. B. No. 259**

**Representative Batchelder**

**Cosponsors: Representatives Blessing, Derickson, Stautberg, Combs,  
Evans, Huffman, Boose, Hall, Adams, R., Domenick, Morgan, Bacon,  
Mecklenborg, Grossman, Boyd, Stebelton, Balderson, Ruhl, Jones,  
Wachtmann, McClain, Blair, Uecker, Snitchler, Zehringer, Amstutz, Jordan**

—

**A B I L L**

To amend sections 109.579, 4121.12, 4121.79, 4123.01, 1  
4123.34, 4123.351, 4123.412, 4123.44, 4123.442, 2  
4123.444, 4123.445, 4127.05, 4131.03, and 4131.13, 3  
to amend, for the purpose of adopting new section 4  
numbers as indicated in parentheses, sections 5  
4123.443 (4123.448), 4123.444 (4123.445), and 6  
4123.445 (4123.446), and to enact new sections 7  
4123.443 and 4123.444 and section 4123.447 of the 8  
Revised Code to specify the classes of investments 9  
in which the Administrator of Workers' 10  
Compensation may invest the funds specified in the 11  
Workers' Compensation Law and to require the 12  
Administrator to have criminal records checks 13  
conducted for employees of investment consultants 14  
with whom the Administrator contracts to 15  
facilitate the investment of those funds. 16  
17

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

**Section 1.** That sections 109.579, 4121.12, 4121.79, 4123.01, 18  
4123.34, 4123.351, 4123.412, 4123.44, 4123.442, 4123.444, 19  
4123.445, 4127.05, 4131.03, and 4131.13 be amended, sections 20  
4123.443 (4123.448), 4123.444 (4123.445), and 4123.445 (4123.446) 21  
be amended for the purpose of adopting new section numbers as 22  
indicated in parentheses, and new sections 4123.443 and 4123.444 23  
and section 4123.447 of the Revised Code be enacted to read as 24  
follows: 25

**Sec. 109.579.** (A) On receipt of a request pursuant to 26  
division (B) of section ~~4123.444~~ 4123.445 of the Revised Code, a 27  
completed form prescribed pursuant to division (C)(1) of this 28  
section, and a set of fingerprint impressions obtained in the 29  
manner described in division (C)(2) of this section, the 30  
superintendent of the bureau of criminal identification and 31  
investigation shall conduct a criminal records check in the manner 32  
described in division (B) of this section to determine whether any 33  
information exists that indicates that the person who is the 34  
subject of the request previously has been convicted of or pleaded 35  
guilty to any criminal offense involving theft, receiving stolen 36  
property, embezzlement, forgery, fraud, passing bad checks, money 37  
laundering, drug trafficking, or any criminal offense involving 38  
money or securities, as set forth in Chapters 2909., 2911., 2913., 39  
2915., 2921., 2923., and 2925. of the Revised Code or other law of 40  
this state, or the laws of any other state or of the United States 41  
that are substantially equivalent to those offenses. 42

(B) The superintendent shall conduct a criminal records check 43  
pursuant to division (A) of this section as follows: 44

(1) The superintendent shall review or cause to be reviewed 45  
any relevant information gathered and compiled by the bureau under 46  
division (A) of section 109.57 of the Revised Code that relates to 47  
the person who is the subject of the request, including any 48

relevant information contained in records that have been sealed 49  
under section 2953.32 of the Revised Code. 50

(2) If the request received by the superintendent asks for 51  
information from the federal bureau of investigation, the 52  
superintendent shall request from the federal bureau of 53  
investigation any information it has with respect to the person 54  
who is the subject of the request. The superintendent shall review 55  
or cause to be reviewed any information that the superintendent 56  
receives from the federal bureau of investigation. 57

(3) The superintendent shall forward the results of a 58  
criminal records check conducted pursuant to this division to the 59  
administrator of workers' compensation. 60

(C)(1) The superintendent shall prescribe a form to obtain 61  
the information necessary to conduct a criminal records check from 62  
any person for whom a criminal records check is requested pursuant 63  
to division (B) of section ~~4123.444~~ 4123.445 of the Revised Code. 64  
The form that the superintendent prescribes pursuant to this 65  
division may be in a tangible format, in an electronic format, or 66  
in both tangible and electronic formats. 67

(2) The superintendent shall prescribe standard impression 68  
sheets to obtain the fingerprint impressions of any person for 69  
whom a criminal records check is requested pursuant to section 70  
~~4123.444~~ 4123.445 of the Revised Code. Any person for whom the 71  
administrator requests the superintendent to conduct a criminal 72  
records check pursuant to that section shall have the person's 73  
fingerprint impressions made at a county sheriff's office, a 74  
municipal police department, or any other entity with the ability 75  
to make fingerprint impressions on the standard impression sheets 76  
prescribed by the superintendent. The office, department, or 77  
entity may charge the person a reasonable fee for making the 78  
impressions. The standard impression sheets the superintendent 79  
prescribes pursuant to this division may be in a tangible format, 80

in an electronic format, or in both tangible and electronic 81  
formats. 82

(3) The superintendent may prescribe methods of forwarding 83  
fingerprint impressions and information necessary to conduct a 84  
criminal records check. The methods shall include, but are not 85  
limited to, electronic methods. 86

(D) A determination whether any information exists that 87  
indicates that a person previously has been convicted of or 88  
pleaded guilty to any offense listed or described in division (A) 89  
of this section that the superintendent makes pursuant to 90  
information considered in a criminal records check under this 91  
section is valid for the person who is the subject of that 92  
criminal records check for a period of one year after the date the 93  
superintendent makes that determination. 94

(E) The superintendent shall prescribe and charge a 95  
reasonable fee for providing a criminal records check requested 96  
under section ~~4123.444~~ 4123.445 of the Revised Code. If another 97  
request for a criminal records check is made under this section 98  
for a person for whom a valid determination under division (D) of 99  
this section is available, the superintendent shall provide the 100  
determination for a reduced fee. 101

**Sec. 4121.12.** (A) There is hereby created the bureau of 102  
workers' compensation board of directors consisting of eleven 103  
members to be appointed by the governor with the advice and 104  
consent of the senate. One member shall be an individual who, on 105  
account of the individual's previous vocation, employment, or 106  
affiliations, can be classed as a representative of employees; two 107  
members shall be individuals who, on account of their previous 108  
vocation, employment, or affiliations, can be classed as 109  
representatives of employee organizations and at least one of 110  
these two individuals shall be a member of the executive committee 111

of the largest statewide labor federation; three members shall be 112  
individuals who, on account of their previous vocation, 113  
employment, or affiliations, can be classed as representatives of 114  
employers, one of whom represents self-insuring employers, one of 115  
whom is a state fund employer who employs one hundred or more 116  
employees, and one of whom is a state fund employer who employs 117  
less than one hundred employees; two members shall be individuals 118  
who, on account of their vocation, employment, or affiliations, 119  
can be classed as investment and securities experts who have 120  
direct experience in the management, analysis, supervision, or 121  
investment of assets and are residents of this state; one member 122  
who shall be a certified public accountant; one member who shall 123  
be an actuary who is a member in good standing with the American 124  
academy of actuaries or who is an associate or fellow with the 125  
society of actuaries; and one member shall represent the public 126  
and also be an individual who, on account of the individual's 127  
previous vocation, employment, or affiliations, cannot be classed 128  
as either predominantly representative of employees or of 129  
employers. The governor shall select the chairperson of the board 130  
who shall serve as chairperson at the pleasure of the governor. 131

None of the members of the board, within one year immediately 132  
preceding the member's appointment, shall have been employed by 133  
the bureau of workers' compensation or by any person, partnership, 134  
or corporation that has provided to the bureau services of a 135  
financial or investment nature, including the management, 136  
analysis, supervision, or investment of assets. 137

(B) Of the initial appointments made to the board, the 138  
governor shall appoint the member who represents employees, one 139  
member who represents employers, and the member who represents the 140  
public to a term ending one year after ~~the effective date of this~~ 141  
~~amendment~~ June 11, 2007; one member who represents employers, one 142  
member who represents employee organizations, one member who is an 143

investment and securities expert, and the member who is a 144  
certified public accountant to a term ending two years after the 145  
~~effective date of this amendment~~ June 11, 2007; and one member who 146  
represents employers, one member who represents employee 147  
organizations, one member who is an investment and securities 148  
expert, and the member who is an actuary to a term ending three 149  
years after ~~the effective date of this amendment~~ June 11, 2007. 150  
Thereafter, terms of office shall be for three years, with each 151  
term ending on the same day of the same month as did the term that 152  
it succeeds. Each member shall hold office from the date of the 153  
member's appointment until the end of the term for which the 154  
member was appointed. 155

Members may be reappointed. Any member appointed to fill a 156  
vacancy occurring prior to the expiration date of the term for 157  
which the member's predecessor was appointed shall hold office as 158  
a member for the remainder of that term. A member shall continue 159  
in office subsequent to the expiration date of the member's term 160  
until a successor takes office or until a period of sixty days has 161  
elapsed, whichever occurs first. 162

(C) In making appointments to the board, the governor shall 163  
select the members from the list of names submitted by the 164  
workers' compensation board of directors nominating committee 165  
pursuant to this division. The nominating committee shall submit 166  
to the governor a list containing four separate names for each of 167  
the members on the board. Within fourteen days after the 168  
submission of the list, the governor shall appoint individuals 169  
from the list. 170

Within sixty days after a vacancy occurring as a result of 171  
the expiration of a term and within thirty days after other 172  
vacancies occurring on the board, the nominating committee shall 173  
submit an initial list containing four names for each vacancy. 174  
Within fourteen days after the submission of the initial list, the 175

governor either shall appoint individuals from that list or 176  
request the nominating committee to submit another list of four 177  
names for each member the governor has not appointed from the 178  
initial list, which list the nominating committee shall submit to 179  
the governor within fourteen days after the governor's request. 180  
The governor then shall appoint, within seven days after the 181  
submission of the second list, one of the individuals from either 182  
list to fill the vacancy for which the governor has not made an 183  
appointment from the initial list. With respect to the filling of 184  
vacancies, the nominating committee shall provide the governor 185  
with a list of four individuals who are, in the judgment of the 186  
nominating committee, the most fully qualified to accede to 187  
membership on the board. 188

In order for the name of an individual to be submitted to the 189  
governor under this division, the nominating committee shall 190  
approve the individual by an affirmative vote of a majority of its 191  
members. 192

(D) All members of the board shall receive their reasonable 193  
and necessary expenses pursuant to section 126.31 of the Revised 194  
Code while engaged in the performance of their duties as members 195  
and also shall receive an annual salary not to exceed sixty 196  
thousand dollars in total, payable on the following basis: 197

(1) Except as provided in division (D)(2) of this section, a 198  
member shall receive two thousand five hundred dollars during a 199  
month in which the member attends one or more meetings of the 200  
board and shall receive no payment during a month in which the 201  
member attends no meeting of the board. 202

(2) A member may receive no more than thirty thousand dollars 203  
per year to compensate the member for attending meetings of the 204  
board, regardless of the number of meetings held by the board 205  
during a year or the number of meetings in excess of twelve within 206  
a year that the member attends. 207

(3) Except as provided in division (D)(4) of this section, if 208  
a member serves on the workers' compensation audit committee, 209  
workers' compensation actuarial committee, or the workers' 210  
compensation investment committee, the member shall receive two 211  
thousand five hundred dollars during a month in which the member 212  
attends one or more meetings of the committee on which the member 213  
serves and shall receive no payment during any month in which the 214  
member attends no meeting of that committee. 215

(4) A member may receive no more than thirty thousand dollars 216  
per year to compensate the member for attending meetings of any of 217  
the committees specified in division (D)(3) of this section, 218  
regardless of the number of meetings held by a committee during a 219  
year or the number of committees on which a member serves. 220

The chairperson of the board shall set the meeting dates of 221  
the board as necessary to perform the duties of the board under 222  
this chapter and Chapters 4123., 4125., 4127., 4131., and 4167. of 223  
the Revised Code. The board shall meet at least twelve times a 224  
year. The administrator of workers' compensation shall provide 225  
professional and clerical assistance to the board, as the board 226  
considers appropriate. 227

(E) Before entering upon the duties of office, each appointed 228  
member of the board shall take an oath of office as required by 229  
sections 3.22 and 3.23 of the Revised Code and file in the office 230  
of the secretary of state the bond required under section 4121.127 231  
of the Revised Code. 232

(F) The board shall: 233

(1) Establish the overall administrative policy for the 234  
bureau for the purposes of this chapter and Chapters 4123., 4125., 235  
4127., 4131., and 4167. of the Revised Code; 236

(2) Review progress of the bureau in meeting its cost and 237  
quality objectives and in complying with this chapter and Chapters 238



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| 4123., 4125., 4127., 4131., and 4167. of the Revised Code;         | 239 |
| (3) Submit an annual report to the president of the senate,        | 240 |
| the speaker of the house of representatives, the governor, and the | 241 |
| workers' compensation council and include all of the following in  | 242 |
| that report:   | 243 |
| (a) An evaluation of the cost and quality objectives of the        | 244 |
| bureau;  | 245 |
| (b) A statement of the net assets available for the provision      | 246 |
| of compensation and benefits under this chapter and Chapters       | 247 |
| 4123., 4127., and 4131. of the Revised Code as of the last day of  | 248 |
| the fiscal year;   | 249 |
| (c) A statement of any changes that occurred in the net            | 250 |
| assets available, including employer premiums and net investment   | 251 |
| income, for the provision of compensation and benefits and payment | 252 |
| of administrative expenses, between the first and last day of the  | 253 |
| fiscal year immediately preceding the date of the report;          | 254 |
| (d) The following information for each of the six consecutive      | 255 |
| fiscal years occurring previous to the report:                     | 256 |
| (i) A schedule of the net assets available for compensation        | 257 |
| and benefits;  | 258 |
| (ii) The annual cost of the payment of compensation and            | 259 |
| benefits;  | 260 |
| (iii) Annual administrative expenses incurred;                     | 261 |
| (iv) Annual employer premiums allocated for the provision of       | 262 |
| compensation and benefits.   | 263 |
| (e) A description of any significant changes that occurred         | 264 |
| during the six years for which the board provided the information  | 265 |
| required under division (F)(3)(d) of this section that affect the  | 266 |
| ability of the board to compare that information from year to      | 267 |
| year.  | 268 |

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| (4) Review all independent financial audits of the bureau.                   | 269 |
| The administrator shall provide access to records of the bureau to           | 270 |
| facilitate the review required under this division.                          | 271 |
| (5) Study issues as requested by the administrator or the                    | 272 |
| governor;  | 273 |
| (6) Contract with all of the following:                                      | 274 |
| (a) An independent actuarial firm to assist the board in                     | 275 |
| making recommendations to the administrator regarding premium                | 276 |
| rates;   | 277 |
| (b) An outside investment counsel to assist the workers'                     | 278 |
| compensation investment committee in fulfilling its duties;                  | 279 |
| (c) An independent fiduciary counsel to assist the board in                  | 280 |
| the performance of its duties.   | 281 |
| (7) Approve the investment policy developed by the workers'                  | 282 |
| compensation investment committee pursuant to section 4121.129 of            | 283 |
| the Revised Code if the policy satisfies the requirements                    | 284 |
| specified in section 4123.442 of the Revised Code.                           | 285 |
| (8) Review and publish the investment policy no less than                    | 286 |
| annually and make copies available to interested parties.                    | 287 |
| (9) Prohibit, on a prospective basis, any specific investment                | 288 |
| it finds to be contrary to the investment policy approved by the             | 289 |
| board.   | 290 |
| <del>(10) Vote to open each investment class and allow the</del>             | 291 |
| <del>administrator to invest in an investment class only if the board,</del> | 292 |
| <del>by a majority vote, opens that class;</del>                             | 293 |
| <del>(11) After opening a class but prior to the administrator</del>         | 294 |
| <del>investing in that class, adopt rules establishing due diligence</del>   | 295 |
| <del>standards for employees of the bureau to follow when investing in</del> | 296 |
| <del>that class and establish policies and procedures to review and</del>    | 297 |
| <del>monitor the performance and value of each investment class;</del>       | 298 |

~~(12) 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.~~ 299  
300  
301  
302

~~(13)~~ Advise and consent on all of the following: 303

(a) Administrative rules the administrator submits to it 304  
pursuant to division (B)(5) of section 4121.121 of the Revised 305  
Code for the classification of occupations or industries, for 306  
premium rates and contributions, for the amount to be credited to 307  
the surplus fund, for rules and systems of rating, rate revisions, 308  
and merit rating; 309

(b) The duties and authority conferred upon the administrator 310  
pursuant to section 4121.37 of the Revised Code; 311

(c) Rules the administrator adopts for the health partnership 312  
program and the qualified health plan system, as provided in 313  
sections 4121.44, 4121.441, and 4121.442 of the Revised Code; 314

(d) Rules the administrator submits to it pursuant to Chapter 315  
4167. of the Revised Code regarding the public employment risk 316  
reduction program and the protection of public health care workers 317  
from exposure incidents. 318

As used in this division, "public health care worker" and 319  
"exposure incident" have the same meanings as in section 4167.25 320  
of the Revised Code. 321

~~(14)~~(11) Perform all duties required under this chapter and 322  
Chapters 4123., 4125., 4127., 4131., and 4167. of the Revised 323  
Code; 324

~~(15)~~(12) Meet with the governor on an annual basis to discuss 325  
the administrator's performance of the duties specified in this 326  
chapter and Chapters 4123., 4125., 4127., 4131., and 4167. of the 327  
Revised Code; 328

|  |                   |
|--|-------------------|
| <del>(16)</del> (13) Develop and participate in a bureau of workers' compensation board of directors education program that consists of all of the following:  | 329<br>330<br>331 |
| (a) An orientation component for newly appointed members;  | 332               |
| (b) A continuing education component for board members who have served for at least one year;  | 333<br>334        |
| (c) A curriculum that includes education about each of the following topics:   | 335<br>336        |
| (i) Board member duties and responsibilities;  | 337               |
| (ii) Compensation and benefits paid pursuant to this chapter and Chapters 4123., 4127., and 4131. of the Revised Code;   | 338<br>339        |
| (iii) Ethics;  | 340               |
| (iv) Governance processes and procedures;  | 341               |
| (v) Actuarial soundness;   | 342               |
| (vi) Investments;  | 343               |
| (vii) Any other subject matter the board believes is reasonably related to the duties of a board member.   | 344<br>345        |
| <del>(17)</del> (14) Submit the program developed pursuant to division (F) <del>(16)</del> (13) of this section to the workers' compensation council for approval;   | 346<br>347<br>348 |
| <del>(18)</del> (15) Hold all sessions, classes, and other events for the program developed pursuant to division (F) <del>(16)</del> (13) of this section in this state.                                     | 349<br>350<br>351 |
| (G) The board may <del>do both of the following:</del>   | 352               |
| <del>(1) Vote to close any investment class;</del>   | 353               |
| <del>(2) Create create</del> any committees in addition to the workers' compensation audit committee, the workers' compensation actuarial committee, and the workers' compensation investment committee that | 354<br>355<br>356 |

the board determines are necessary to assist the board in 357  
performing its duties. 358

(H) The office of a member of the board who is convicted of 359  
or pleads guilty to a felony, a theft offense as defined in 360  
section 2913.01 of the Revised Code, or a violation of section 361  
102.02, 102.03, 102.04, 2921.02, 2921.11, 2921.13, 2921.31, 362  
2921.41, 2921.42, 2921.43, or 2921.44 of the Revised Code shall be 363  
deemed vacant. The vacancy shall be filled in the same manner as 364  
the original appointment. A person who has pleaded guilty to or 365  
been convicted of an offense of that nature is ineligible to be a 366  
member of the board. A member who receives a bill of indictment 367  
for any of the offenses specified in this section shall be 368  
automatically suspended from the board pending resolution of the 369  
criminal matter. 370

(I) For the purposes of division (G)(1) of section 121.22 of 371  
the Revised Code, the meeting between the governor and the board 372  
to review the administrator's performance as required under 373  
division (F)~~(15)~~(12) of this section shall be considered a meeting 374  
regarding the employment of the administrator. 375

**Sec. 4121.79.** (A) The director of the workers' compensation 376  
council shall prepare and submit to the council, for its approval, 377  
a biennial budget that includes an itemized estimate of the 378  
amounts necessary to pay the expenses of the council during the 379  
succeeding biennium. The director may request and the council may 380  
approve, anytime during that biennium, additional amounts to cover 381  
costs for audits or other necessary expenses that were not 382  
included in that budget. After the budget is approved, the 383  
director of the council shall separate from the budget the portion 384  
covering the costs of compensation and benefits for the employees 385  
of the council and submit only that portion to the director of 386  
budget and management as the council's budget request for purposes 387

of section 126.02 of the Revised Code. 388  
389

(B) The council shall establish policies and procedures for 390  
purchasing goods and services on a competitive basis and 391  
maintaining tangible personal property. The policies and 392  
procedures shall be designed to safeguard the use of funds 393  
received by the council. An audit performed under Chapter 117. of 394  
the Revised Code shall include a determination of the council's 395  
compliance with those policies and procedures. 396

The council is not subject to the requirements specified in 397  
Chapter 123. or 125. of the Revised Code and those chapters do not 398  
apply to the council. However, the council may request the 399  
department of administrative services, and the department may 400  
agree, to perform for the council any of the services the 401  
department is authorized to perform under those chapters. The 402  
council may enter into an agreement with the director of 403  
administrative services for the performance of those requested 404  
services. 405

(C) There is hereby created the workers' compensation council 406  
fund, which shall be in the custody of the treasurer of state but 407  
shall not be a part of the state treasury. The fund shall consist 408  
of all moneys transferred into it by the administrator of workers' 409  
compensation pursuant to section 4123.342 of the Revised Code. The 410  
council shall use the fund to pay the expenses incurred by the 411  
council. Except as otherwise provided in division (D) of this 412  
section, the treasurer of state shall disburse moneys from the 413  
fund upon instruments authorized by the council and signed by the 414  
director. 415

The council is the trustee of the workers' compensation 416  
council fund. At the request of the director of the council, the 417  
treasurer of state shall select and contract with one or more 418  
investment managers to invest all money credited to the fund that 419

is not currently needed for carrying out the functions of the 420  
council. The treasurer of state shall contract with an investment 421  
manager for whom the administrator requested a criminal records 422  
check pursuant to section 4123.444 of the Revised Code and who has 423  
not been convicted of or pleaded guilty to a financial or 424  
investment crime as defined in that section. The eligible list of 425  
investments shall be the same as those specified in the investment 426  
policy for the ~~state insurance fund~~ bureau of workers' 427  
compensation custodial funds approved by the bureau of workers' 428  
compensation board of directors pursuant to section 4121.12 of the 429  
Revised Code. All investments are subject to the same limitations 430  
and requirements as specified for the ~~state insurance fund~~ bureau 431  
of workers' compensation custodial funds under sections 4121.12, 432  
4121.126, 4121.127, 4123.44, ~~and~~ 4123.442, 4123.443, and 4123.444 433  
of the Revised Code. All investment earnings of the fund shall be 434  
credited to the fund. 435

(D) There is hereby created in the state treasury the 436  
workers' compensation council remuneration fund. The treasurer of 437  
state periodically shall pay into that fund, from the workers' 438  
compensation council fund created in division (C) of this section, 439  
amounts requested by the director of the council to pay the 440  
compensation and benefits of the employees of the council. Amounts 441  
credited to the remuneration fund shall be used by the director of 442  
the council solely to pay the compensation and benefits of all 443  
employees of the council. All investment earnings of the 444  
remuneration fund shall be credited to that fund. 445

**Sec. 4123.01.** As used in this chapter: 446

(A)(1) "Employee" means: 447

(a) Every person in the service of the state, or of any 448  
county, municipal corporation, township, or school district 449  
therein, including regular members of lawfully constituted police 450

and fire departments of municipal corporations and townships, 451  
whether paid or volunteer, and wherever serving within the state 452  
or on temporary assignment outside thereof, and executive officers 453  
of boards of education, under any appointment or contract of hire, 454  
express or implied, oral or written, including any elected 455  
official of the state, or of any county, municipal corporation, or 456  
township, or members of boards of education. 457

As used in division (A)(1)(a) of this section, the term 458  
"employee" includes the following persons when responding to an 459  
inherently dangerous situation that calls for an immediate 460  
response on the part of the person, regardless of whether the 461  
person is within the limits of the jurisdiction of the person's 462  
regular employment or voluntary service when responding, on the 463  
condition that the person responds to the situation as the person 464  
otherwise would if the person were on duty in the person's 465  
jurisdiction: 466

(i) Off-duty peace officers. As used in division (A)(1)(a)(i) 467  
of this section, "peace officer" has the same meaning as in 468  
section 2935.01 of the Revised Code. 469

(ii) Off-duty firefighters, whether paid or volunteer, of a 470  
lawfully constituted fire department. 471

(iii) Off-duty first responders, emergency medical 472  
technicians-basic, emergency medical technicians-intermediate, or 473  
emergency medical technicians-paramedic, whether paid or 474  
volunteer, of an ambulance service organization or emergency 475  
medical service organization pursuant to Chapter 4765. of the 476  
Revised Code. 477

(b) Every person in the service of any person, firm, or 478  
private corporation, including any public service corporation, 479  
that (i) employs one or more persons regularly in the same 480  
business or in or about the same establishment under any contract 481



of hire, express or implied, oral or written, including aliens and 482  
minors, household workers who earn one hundred sixty dollars or 483  
more in cash in any calendar quarter from a single household and 484  
casual workers who earn one hundred sixty dollars or more in cash 485  
in any calendar quarter from a single employer, or (ii) is bound 486  
by any such contract of hire or by any other written contract, to 487  
pay into the state insurance fund the premiums provided by this 488  
chapter. 489

(c) Every person who performs labor or provides services 490  
pursuant to a construction contract, as defined in section 4123.79 491  
of the Revised Code, if at least ten of the following criteria 492  
apply: 493

(i) The person is required to comply with instructions from 494  
the other contracting party regarding the manner or method of 495  
performing services; 496

(ii) The person is required by the other contracting party to 497  
have particular training; 498

(iii) The person's services are integrated into the regular 499  
functioning of the other contracting party; 500

(iv) The person is required to perform the work personally; 501

(v) The person is hired, supervised, or paid by the other 502  
contracting party; 503

(vi) A continuing relationship exists between the person and 504  
the other contracting party that contemplates continuing or 505  
recurring work even if the work is not full time; 506

(vii) The person's hours of work are established by the other 507  
contracting party; 508

(viii) The person is required to devote full time to the 509  
business of the other contracting party; 510

(ix) The person is required to perform the work on the 511

|   |                                 |
|---|---------------------------------|
| premises of the other contracting party;  | 512                             |
| (x) The person is required to follow the order of work set by the other contracting party;  | 513<br>514                      |
| (xi) The person is required to make oral or written reports of progress to the other contracting party;   | 515<br>516                      |
| (xii) The person is paid for services on a regular basis such as hourly, weekly, or monthly;  | 517<br>518                      |
| (xiii) The person's expenses are paid for by the other contracting party;   | 519<br>520                      |
| (xiv) The person's tools and materials are furnished by the other contracting party;  | 521<br>522                      |
| (xv) The person is provided with the facilities used to perform services;   | 523<br>524                      |
| (xvi) The person does not realize a profit or suffer a loss as a result of the services provided;   | 525<br>526                      |
| (xvii) The person is not performing services for a number of employers at the same time;  | 527<br>528                      |
| (xviii) The person does not make the same services available to the general public;   | 529<br>530                      |
| (xix) The other contracting party has a right to discharge the person;  | 531<br>532                      |
| (xx) The person has the right to end the relationship with the other contracting party without incurring liability pursuant to an employment contract or agreement.   | 533<br>534<br>535               |
| Every person in the service of any independent contractor or subcontractor who has failed to pay into the state insurance fund the amount of premium determined and fixed by the administrator of workers' compensation for the person's employment or occupation or if a self-insuring employer has failed to pay compensation and | 536<br>537<br>538<br>539<br>540 |

benefits directly to the employer's injured and to the dependents 541  
of the employer's killed employees as required by section 4123.35 542  
of the Revised Code, shall be considered as the employee of the 543  
person who has entered into a contract, whether written or verbal, 544  
with such independent contractor unless such employees or their 545  
legal representatives or beneficiaries elect, after injury or 546  
death, to regard such independent contractor as the employer. 547

(d) Every person to whom all of the following apply: 548

(i) The person is a resident of a state other than this state 549  
and is covered by that other state's workers' compensation law; 550

(ii) The person performs labor or provides services for that 551  
person's employer while temporarily within this state; 552

(iii) The laws of that other state do not include the 553  
provisions described in division (H)(4) of section 4123.54 of the 554  
Revised Code. 555

(2) "Employee" does not mean: 556

(a) A duly ordained, commissioned, or licensed minister or 557  
assistant or associate minister of a church in the exercise of 558  
ministry; 559

(b) Any officer of a family farm corporation; 560

(c) An individual incorporated as a corporation; or 561

(d) An individual who otherwise is an employee of an employer 562  
but who signs the waiver and affidavit specified in section 563  
4123.15 of the Revised Code on the condition that the 564  
administrator has granted a waiver and exception to the 565  
individual's employer under section 4123.15 of the Revised Code. 566

Any employer may elect to include as an "employee" within 567  
this chapter, any person excluded from the definition of 568  
"employee" pursuant to division (A)(2) of this section. If an 569  
employer is a partnership, sole proprietorship, individual 570

incorporated as a corporation, or family farm corporation, such 571  
employer may elect to include as an "employee" within this 572  
chapter, any member of such partnership, the owner of the sole 573  
proprietorship, the individual incorporated as a corporation, or 574  
the officers of the family farm corporation. In the event of an 575  
election, the employer shall serve upon the bureau of workers' 576  
compensation written notice naming the persons to be covered, 577  
include such employee's remuneration for premium purposes in all 578  
future payroll reports, and no person excluded from the definition 579  
of "employee" pursuant to division (A)(2) of this section, 580  
proprietor, individual incorporated as a corporation, or partner 581  
shall be deemed an employee within this division until the 582  
employer has served such notice. 583

For informational purposes only, the bureau shall prescribe 584  
such language as it considers appropriate, on such of its forms as 585  
it considers appropriate, to advise employers of their right to 586  
elect to include as an "employee" within this chapter a sole 587  
proprietor, any member of a partnership, an individual 588  
incorporated as a corporation, the officers of a family farm 589  
corporation, or a person excluded from the definition of 590  
"employee" under division (A)(2) of this section, that they should 591  
check any health and disability insurance policy, or other form of 592  
health and disability plan or contract, presently covering them, 593  
or the purchase of which they may be considering, to determine 594  
whether such policy, plan, or contract excludes benefits for 595  
illness or injury that they might have elected to have covered by 596  
workers' compensation. 597

(B) "Employer" means: 598

(1) The state, including state hospitals, each county, 599  
municipal corporation, township, school district, and hospital 600  
owned by a political subdivision or subdivisions other than the 601  
state; 602

(2) Every person, firm, professional employer organization as defined in section 4125.01 of the Revised Code, and private corporation, including any public service corporation, that (a) has in service one or more employees or shared employees regularly in the same business or in or about the same establishment under any contract of hire, express or implied, oral or written, or (b) is bound by any such contract of hire or by any other written contract, to pay into the insurance fund the premiums provided by this chapter.

All such employers are subject to this chapter. Any member of a firm or association, who regularly performs manual labor in or about a mine, factory, or other establishment, including a household establishment, shall be considered an employee in determining whether such person, firm, or private corporation, or public service corporation, has in its service, one or more employees and the employer shall report the income derived from such labor to the bureau as part of the payroll of such employer, and such member shall thereupon be entitled to all the benefits of an employee.

(C) "Injury" includes any injury, whether caused by external accidental means or accidental in character and result, received in the course of, and arising out of, the injured employee's employment. "Injury" does not include:

(1) Psychiatric conditions except where the claimant's psychiatric conditions have arisen from an injury or occupational disease sustained by that claimant or where the claimant's psychiatric conditions have arisen from sexual conduct in which the claimant was forced by threat of physical harm to engage or participate;

(2) Injury or disability caused primarily by the natural deterioration of tissue, an organ, or part of the body;

(3) Injury or disability incurred in voluntary participation 634  
in an employer-sponsored recreation or fitness activity if the 635  
employee signs a waiver of the employee's right to compensation or 636  
benefits under this chapter prior to engaging in the recreation or 637  
fitness activity; 638

(4) A condition that pre-existed an injury unless that 639  
pre-existing condition is substantially aggravated by the injury. 640  
Such a substantial aggravation must be documented by objective 641  
diagnostic findings, objective clinical findings, or objective 642  
test results. Subjective complaints may be evidence of such a 643  
substantial aggravation. However, subjective complaints without 644  
objective diagnostic findings, objective clinical findings, or 645  
objective test results are insufficient to substantiate a 646  
substantial aggravation. 647

(D) "Child" includes a posthumous child and a child legally 648  
adopted prior to the injury. 649

(E) "Family farm corporation" means a corporation founded for 650  
the purpose of farming agricultural land in which the majority of 651  
the voting stock is held by and the majority of the stockholders 652  
are persons or the spouse of persons related to each other within 653  
the fourth degree of kinship, according to the rules of the civil 654  
law, and at least one of the related persons is residing on or 655  
actively operating the farm, and none of whose stockholders are a 656  
corporation. A family farm corporation does not cease to qualify 657  
under this division where, by reason of any devise, bequest, or 658  
the operation of the laws of descent or distribution, the 659  
ownership of shares of voting stock is transferred to another 660  
person, as long as that person is within the degree of kinship 661  
stipulated in this division. 662

(F) "Occupational disease" means a disease contracted in the 663  
course of employment, which by its causes and the characteristics 664  
of its manifestation or the condition of the employment results in 665

a hazard which distinguishes the employment in character from 666  
employment generally, and the employment creates a risk of 667  
contracting the disease in greater degree and in a different 668  
manner from the public in general. 669

(G) "Self-insuring employer" means an employer who is granted 670  
the privilege of paying compensation and benefits directly under 671  
section 4123.35 of the Revised Code, including a board of county 672  
commissioners for the sole purpose of constructing a sports 673  
facility as defined in section 307.696 of the Revised Code, 674  
provided that the electors of the county in which the sports 675  
facility is to be built have approved construction of a sports 676  
facility by ballot election no later than November 6, 1997. 677

(H) "Public employer" means an employer as defined in 678  
division (B)(1) of this section. 679

(I) "Sexual conduct" means vaginal intercourse between a male 680  
and female; anal intercourse, fellatio, and cunnilingus between 681  
persons regardless of gender; and, without privilege to do so, the 682  
insertion, however slight, of any part of the body or any 683  
instrument, apparatus, or other object into the vaginal or anal 684  
cavity of another. Penetration, however slight, is sufficient to 685  
complete vaginal or anal intercourse. 686

(J) "Other-states' insurer" means an insurance company that 687  
is authorized to provide workers' compensation insurance coverage 688  
in any of the states that permit employers to obtain insurance for 689  
workers' compensation claims through insurance companies. 690

(K) "Other-states' coverage" means insurance coverage 691  
purchased by an employer for workers' compensation claims that 692  
arise in a state or states other than this state and that are 693  
filed by the employees of the employer or those employee's 694  
dependents, as applicable, in that other state or those other 695  
states. 696

(L) "Bureau of workers' compensation custodial funds" means 697  
the state insurance fund created in section 4123.30 of the Revised 698  
Code, the premium payment security fund created in section 4123.34 699  
of the Revised Code, the self-insuring employer guaranty fund 700  
created in section 4123.351 of the Revised Code, the disabled 701  
worker relief fund created in section 4123.412 of the Revised 702  
Code, the public work-relief employees' compensation fund created 703  
in section 4127.05 of the Revised Code, the coal-workers 704  
pneumoconiosis fund created in section 4131.03 of the Revised 705  
Code, and the marine industry fund created in section 4131.13 of 706  
the Revised Code. 707

**Sec. 4123.34.** It shall be the duty of the bureau of workers' 708  
compensation board of directors and the administrator of workers' 709  
compensation to safeguard and maintain the solvency of the state 710  
insurance fund and all other funds specified in this chapter and 711  
Chapters 4121., 4127., and 4131. of the Revised Code. The 712  
administrator, in the exercise of the powers and discretion 713  
conferred upon the administrator in section 4123.29 of the Revised 714  
Code, shall fix and maintain, with the advice and consent of the 715  
board, for each class of occupation or industry, the lowest 716  
possible rates of premium consistent with the maintenance of a 717  
solvent state insurance fund and the creation and maintenance of a 718  
reasonable surplus, after the payment of legitimate claims for 719  
injury, occupational disease, and death that the administrator 720  
authorizes to be paid from the state insurance fund for the 721  
benefit of injured, diseased, and the dependents of killed 722  
employees. In establishing rates, the administrator shall take 723  
into account the necessity of ensuring sufficient money is set 724  
aside in the premium payment security fund to cover any defaults 725  
in premium obligations. The administrator shall observe all of the 726  
following requirements in fixing the rates of premium for the 727  
risks of occupations or industries: 728



(A) The administrator shall keep an accurate account of the 729  
money paid in premiums by each of the several classes of 730  
occupations or industries, and the losses on account of injuries, 731  
occupational disease, and death of employees thereof, and also 732  
keep an account of the money received from each individual 733  
employer and the amount of losses incurred against the state 734  
insurance fund on account of injuries, occupational disease, and 735  
death of the employees of the employer. 736

(B) Ten per cent of the money paid into the state insurance 737  
fund shall be set aside for the creation of a surplus until the 738  
surplus amounts to the sum of one hundred thousand dollars, after 739  
which time, whenever necessary in the judgment of the 740  
administrator to guarantee a solvent state insurance fund, a sum 741  
not exceeding five per cent of all the money paid into the state 742  
insurance fund shall be credited to the surplus fund. In addition 743  
to all statutory authority under this chapter and Chapter 4121. of 744  
the Revised Code, the administrator has discretionary and 745  
contingency authority to make charges to surplus. The 746  
administrator shall account for all charges, whether statutory, 747  
discretionary, or contingency, that the administrator may make to 748  
surplus. A revision of basic rates shall be made annually on the 749  
first day of July. 750

Notwithstanding any provision of the law to the contrary, one 751  
hundred eighty days after the effective date on which 752  
self-insuring employers first may elect under division (D) of 753  
section 4121.66 of the Revised Code to directly pay for 754  
rehabilitation expenses, the administrator shall calculate the 755  
deficit, if any, in the portion of surplus fund that is used for 756  
reimbursement to self-insuring employers for all expenses other 757  
than handicapped reimbursement under section 4123.343 of the 758  
Revised Code. The administrator, from time to time, may determine 759  
whether the surplus fund has such a deficit and may assess all 760

self-insuring employers who participated in the portion of the 761  
surplus fund during the accrual of the deficit and who during that 762  
time period have not made the election under division (D) of 763  
section 4121.66 of the Revised Code the amount the administrator 764  
determines necessary to reduce the deficit. 765

Revisions of basic rates shall be in accordance with the 766  
oldest four of the last five calendar years of the combined 767  
accident and occupational disease experience of the administrator 768  
in the administration of this chapter, as shown by the accounts 769  
kept as provided in this section, excluding the experience of 770  
employers that are no longer active if the administrator 771  
determines that the inclusion of those employers would have a 772  
significant negative impact on the remainder of the employers in a 773  
particular manual classification; and the administrator shall 774  
adopt rules, with the advice and consent of the board, governing 775  
rate revisions, the object of which shall be to make an equitable 776  
distribution of losses among the several classes of occupation or 777  
industry, which rules shall be general in their application. 778

(C) The administrator may apply that form of rating system 779  
that the administrator finds is best calculated to merit rate or 780  
individually rate the risk more equitably, predicated upon the 781  
basis of its individual industrial accident and occupational 782  
disease experience, and may encourage and stimulate accident 783  
prevention. The administrator shall develop fixed and equitable 784  
rules controlling the rating system, which rules shall conserve to 785  
each risk the basic principles of workers' compensation insurance. 786

(D) The administrator, from the money paid into the state 787  
insurance fund, shall set aside into an account of the state 788  
insurance fund titled a premium payment security fund sufficient 789  
money to pay for any premiums due from an employer and uncollected 790  
that are in excess of the employer's premium security deposit. 791

The fund shall be in the custody of the treasurer of state. 792

The administrator may invest the surplus and reserve belonging to 793  
the fund in accordance with section 4123.44 of the Revised Code. 794

All investment earnings of the fund shall be deposited in the 795  
fund. Disbursements from the fund shall be made by the bureau of 796  
workers' compensation upon order of the administrator to the state 797  
insurance fund. The use of the moneys held by the premium payment 798  
security fund is restricted to reimbursement to the state 799  
insurance fund of premiums due and uncollected in excess of an 800  
employer's premium security deposit. The moneys constituting the 801  
premium payment security fund shall be maintained without regard 802  
to or reliance upon any other fund. This section does not prevent 803  
the deposit or investment of the premium payment security fund 804  
with any other fund created by this chapter, but the premium 805  
payment security fund is separate and distinct for every other 806  
purpose and a strict accounting thereof shall be maintained. 807

(E) The administrator may grant discounts on premium rates 808  
for employers who meet either of the following requirements: 809

(1) Have not incurred a compensable injury for one year or 810  
more and who maintain an employee safety committee or similar 811  
organization or make periodic safety inspections of the workplace. 812

(2) Successfully complete a loss prevention program 813  
prescribed by the superintendent of the division of safety and 814  
hygiene and conducted by the division or by any other person 815  
approved by the superintendent. 816

(F)(1) In determining the premium rates for the construction 817  
industry the administrator shall calculate the employers' premiums 818  
based upon the actual remuneration construction industry employees 819  
receive from construction industry employers, provided that the 820  
amount of remuneration the administrator uses in calculating the 821  
premiums shall not exceed an average weekly wage equal to one 822  
hundred fifty per cent of the statewide average weekly wage as 823  
defined in division (C) of section 4123.62 of the Revised Code. 824

(2) Division (F)(1) of this section shall not be construed as 825  
affecting the manner in which benefits to a claimant are awarded 826  
under this chapter. 827

(3) As used in division (F) of this section, "construction 828  
industry" includes any activity performed in connection with the 829  
erection, alteration, repair, replacement, renovation, 830  
installation, or demolition of any building, structure, highway, 831  
or bridge. 832

**Sec. 4123.351.** (A) The administrator of workers' compensation 833  
shall require every self-insuring employer to pay a contribution, 834  
calculated under this section, to the self-insuring employers' 835  
guaranty fund established pursuant to this section. The fund shall 836  
provide for payment of compensation and benefits to employees of 837  
the self-insuring employer in order to cover any default in 838  
payment by that employer. 839

(B) The bureau of workers' compensation shall operate the 840  
self-insuring employers' guaranty fund for self-insuring 841  
employers. The administrator annually shall establish the 842  
contributions due from self-insuring employers for the fund at 843  
rates as low as possible but such as will assure sufficient moneys 844  
to guarantee the payment of any claims against the fund. The 845  
bureau's operation of the fund is not subject to sections 3929.10 846  
to 3929.18 of the Revised Code or to regulation by the 847  
superintendent of insurance. 848

(C) If a self-insuring employer defaults, the bureau shall 849  
recover the amounts paid as a result of the default from the 850  
self-insuring employers' guaranty fund. If a self-insuring 851  
employer defaults and is in compliance with this section for the 852  
payment of contributions to the fund, such self-insuring employer 853  
is entitled to the immunity conferred by section 4123.74 of the 854  
Revised Code for any claim arising during any period the employer 855

is in compliance with this section. 856

(D)(1) There is hereby established a self-insuring employers' 857  
guaranty fund, which shall be in the custody of the treasurer of 858  
state and which shall be separate from the other funds established 859  
and administered pursuant to this chapter. The fund shall consist 860  
of contributions and other payments made by self-insuring 861  
employers under this section. All investment earnings of the fund 862  
shall be credited to the fund. The bureau shall make disbursements 863  
from the fund pursuant to this section. 864

(2) The administrator ~~has the same powers to~~ may invest ~~any~~ 865  
~~of the surplus or~~ and reserve belonging to the fund ~~as are~~ 866  
~~delegated to the administrator under~~ in accordance with section 867  
4123.44 of the Revised Code ~~with respect to the state insurance~~ 868  
~~fund~~. The administrator shall apply interest earned solely to the 869  
reduction of assessments for contributions from self-insuring 870  
employers and to the payments required due to defaults. 871

(3) If the bureau of workers' compensation board of directors 872  
determines that reinsurance of the risks of the fund is necessary 873  
to assure solvency of the fund, the board may: 874

(a) Enter into contracts for the purchase of reinsurance 875  
coverage of the risks of the fund with any company or agency 876  
authorized by law to issue contracts of reinsurance; 877

(b) Require the administrator to pay the cost of reinsurance 878  
from the fund; 879

(c) Include the costs of reinsurance as a liability and 880  
estimated liability of the fund. 881

(E) The administrator, with the advice and consent of the 882  
board, may adopt rules pursuant to Chapter 119. of the Revised 883  
Code for the implementation of this section, including a rule, 884  
notwithstanding division (C) of this section, requiring 885  
self-insuring employers to provide security in addition to the 886

contribution to the self-insuring employers' guaranty fund 887  
required by this section. The additional security required by the 888  
rule, as the administrator determines appropriate, shall be 889  
sufficient and adequate to provide for financial assurance to meet 890  
the obligations of self-insuring employers under this chapter and 891  
Chapter 4121. of the Revised Code. 892

(F) The purchase of coverage under this section by 893  
self-insuring employers is valid notwithstanding the prohibitions 894  
contained in division (A) of section 4123.82 of the Revised Code 895  
and is in addition to the indemnity contracts that self-insuring 896  
employers may purchase pursuant to division (B) of section 4123.82 897  
of the Revised Code. 898

(G) The administrator, on behalf of the self-insuring 899  
employers' guaranty fund, has the rights of reimbursement and 900  
subrogation and shall collect from a defaulting self-insuring 901  
employer or other liable person all amounts the administrator has 902  
paid or reasonably expects to pay from the fund on account of the 903  
defaulting self-insuring employer. 904

(H) The assessments for contributions, the administration of 905  
the self-insuring employers' guaranty fund, the investment of the 906  
money in the fund, and the payment of liabilities incurred by the 907  
fund do not create any liability upon the state. 908

Except for a gross abuse of discretion, neither the board, 909  
nor the individual members thereof, nor the administrator shall 910  
incur any obligation or liability respecting the assessments for 911  
contributions, the administration of the self-insuring employers' 912  
guaranty fund, the investment of the fund, or the payment of 913  
liabilities therefrom. 914

**Sec. 4123.412.** For the relief of persons who are permanently 915  
and totally disabled as the result of injury or disease sustained 916  
in the course of their employment and who are receiving workers' 917

compensation which is payable to them by virtue of and under the 918  
laws of this state in amounts, the total of which, when combined 919  
with disability benefits received pursuant to the Social Security 920  
Act is less than three hundred forty-two dollars per month 921  
adjusted annually as provided in division (B) of section 4123.62 922  
of the Revised Code, there is hereby created a separate fund to be 923  
known as the disabled workers' relief fund, which fund shall 924  
consist of the sums that are from time to time appropriated by the 925  
general assembly and made available to the order of the bureau of 926  
workers' compensation to carry out the objects and purposes of 927  
sections 4123.412 to 4123.418 of the Revised Code. The fund shall 928  
be in the custody of the treasurer of the state. The administrator 929  
may invest the surplus and reserve belonging to the fund in 930  
accordance with section 4123.44 of the Revised Code. Disbursements 931  
from the fund shall be made by the bureau to those persons 932  
entitled to participate therein and in amounts to each participant 933  
as is provided in section 4123.414 of the Revised Code. All 934  
investment earnings of the fund shall be credited to the fund. 935

936

**Sec. 4123.44.** The members of the bureau of workers' 937  
compensation board of directors, the administrator of workers' 938  
compensation, and the bureau of workers' compensation chief 939  
investment officer are the trustees of the ~~state insurance fund~~ 940  
bureau of workers' compensation custodial funds. The 941  
administrator, in accordance with sections 4121.126 and 4121.127 942  
of the Revised Code and the investment policy approved by the 943  
board pursuant to section 4121.12 of the Revised Code, and in 944  
consultation with the bureau of workers' compensation chief 945  
investment officer, may invest any of the surplus or reserve 946  
belonging to each of the ~~state insurance fund~~ bureau of workers' 947  
compensation custodial funds in the classes of investments 948  
specified in section 4123.443 of the Revised Code. The 949

administrator and the bureau of workers' compensation chief 950  
investment officer shall not deviate from the investment policy 951  
approved by the board without the approval of the workers' 952  
compensation investment committee and the board. 953

The administrator shall not invest in any type of investment 954  
specified in divisions (B)(1) to (10) of section 4123.442 of the 955  
Revised Code. 956

~~The administrator and other fiduciaries shall discharge their 957  
duties with respect to the funds with the care, skill, prudence, 958  
and diligence under the circumstances then prevailing that a 959  
prudent person acting in a like capacity and familiar with such 960  
matters would use in the conduct of an enterprise of a like 961  
character and with like aims, and by diversifying the investments 962  
of the assets of the funds so as to minimize the risk of large 963  
losses, unless under the circumstances it is clearly prudent not 964  
to do so. 965~~

~~To facilitate investment of the funds, the administrator may 966  
establish a partnership, trust, limited liability company, 967  
corporation, including a corporation exempt from taxation under 968  
the Internal Revenue Code, 100 Stat. 2085, 26 U.S.C. 1, as 969  
amended, or any other legal entity authorized to transact business 970  
in this state. 971~~

When reporting on the performance of investments, the 972  
administrator shall comply with the performance presentation 973  
standards established by the association for investment management 974  
and research. 975

All investments shall be purchased at current market prices 976  
and the evidences of title to the investments shall be placed in 977  
the custody of the treasurer of state, who is hereby designated as 978  
custodian, or in the custody of the treasurer of state's 979  
authorized agent. Evidences of title of the investments so 980



purchased may be deposited by the treasurer of state for 981  
safekeeping with an authorized agent selected by the treasurer of 982  
state who is a qualified trustee under section 135.18 of the 983  
Revised Code. The treasurer of state or the agent shall collect 984  
the principal, dividends, distributions, and interest as they 985  
become due and payable and place them when collected into the 986  
~~state insurance~~ appropriate bureau of workers' compensation 987  
custodial fund. 988

The treasurer of state shall pay for investments purchased by 989  
the administrator on receipt of written or electronic instructions 990  
from the administrator or the administrator's designated agent 991  
authorizing the purchase, and pending receipt of the evidence of 992  
title of the investment by the treasurer of state or the treasurer 993  
of state's authorized agent. The administrator may sell 994  
investments held by the administrator, and the treasurer of state 995  
or the treasurer of state's authorized agent shall accept payment 996  
from the purchaser and deliver evidence of title of the investment 997  
to the purchaser, on receipt of written or electronic instructions 998  
from the administrator or the administrator's designated agent 999  
authorizing the sale, and pending receipt of the moneys for the 1000  
investments. The amount received shall be placed in the ~~state~~ 1001  
~~insurance~~ appropriate bureau of workers' compensation custodial 1002  
fund. The administrator and the treasurer of state may enter into 1003  
agreements to establish procedures for the purchase and sale of 1004  
investments under this division and the custody of the 1005  
investments. 1006

No purchase or sale of any investment shall be made under 1007  
this section, except as authorized by the administrator. 1008

Any statement of financial position distributed by the 1009  
administrator shall include the fair value, as of the statement 1010  
date, of all investments held by the administrator under this 1011  
section. 1012

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

The administrator, subject to the approval of the board, may

secure investment information services, consulting services, ~~and~~ 1045  
or other like services to facilitate investment of the surplus and 1046  
reserve belonging to each of the state insurance fund bureau of 1047  
workers' compensation custodial funds and, subject to the approval 1048  
of the board, may enter into a contract with an investment manager 1049  
to have that manager invest the assets of those funds. The 1050  
administrator shall pay the expense of securing such services from 1051  
the state insurance fund. 1052

**Sec. 4123.442.** When developing the investment policy for the 1053  
investment of the assets of the bureau of workers' compensation 1054  
custodial funds specified in this chapter and Chapters 4121., 1055  
4127., and 4131. of the Revised Code, the workers' compensation 1056  
investment committee shall do all of the following: 1057

(A) Specify the asset allocation targets and ranges, risk 1058  
factors, asset class benchmarks, time horizons, total return 1059  
objectives, and performance evaluation guidelines; 1060

(B) Prohibit investing the assets of those funds, directly or 1061  
indirectly, in vehicles that target any of the following: 1062

(1) Coins; 1063

(2) Artwork; 1064

(3) Horses; 1065

(4) Jewelry or gems; 1066

(5) Stamps; 1067

(6) Antiques; 1068

(7) Artifacts; 1069

(8) Collectibles; 1070

(9) Memorabilia; 1071

(10) Similar unregulated investments that are not commonly 1072

part of an institutional portfolio, that lack liquidity, and that 1073  
lack readily determinable valuation. 1074

~~(C) Specify that the administrator of workers' compensation 1075  
may invest in an investment class only if the bureau of workers' 1076  
compensation board of directors, by a majority vote, opens that 1077  
class~~ Use only the classes of investments specified in section 1078  
4123.443 of the Revised Code; 1079

~~(D) Prohibit investing the assets of those funds in any class 1080  
of investments the board, by majority vote, closed, or any 1081  
specific investment in which the board prohibits the administrator 1082  
from investing;~~ 1083

(E) Not specify in the investment policy that the 1084  
administrator or employees of the bureau of workers' compensation 1085  
are prohibited from conducting business with an investment 1086  
management or consulting firm, any investment management or 1087  
consulting professional associated with that firm, any third party 1088  
solicitor associated with that firm, or any political action 1089  
committee controlled by that firm or controlled by an investment 1090  
management or consulting professional of that firm based on 1091  
criteria that are more restrictive than the restrictions described 1092  
in divisions (Y) and (Z) of section 3517.13 of the Revised Code. 1093  
1094

**Sec. 4123.443.** (A) The administrator of workers' 1095  
compensation, in accordance with section 4123.44 of the Revised 1096  
Code, may invest the surplus and reserve of each of the bureau of 1097  
workers' compensation custodial funds in any of the following 1098  
classes of investments: 1099

(1) Bonds and mortgages on unencumbered real estate within 1100  
this or any other state worth twenty-five per cent more than the 1101  
sum loaned thereon, exclusive of buildings, unless such buildings 1102  
are insured by some company authorized to do business in this 1103

state; 1104

(2) Bonds, notes, debentures, and other such obligations 1105  
secured by mortgages insured by the federal housing administrator 1106  
or the secretary of agriculture of the United States under Title I 1107  
of "The Bankhead-Jones Farm Tenant Act" as amended; 1108

(3) Loans to veterans guaranteed in whole or in part by the 1109  
United States pursuant to Title III of the "Servicemen's 1110  
Readjustment Act of 1944," 58 Stat. 284, 38 U.S.C. 693, as 1111  
amended, provided such guaranteed loans are liens upon real 1112  
estate; 1113

(4) Legally authorized and executed bonds, notes, warrants, 1114  
and securities that are the direct obligation of or are guaranteed 1115  
as to both principal and interest by Canada, that are the direct 1116  
obligation of or are guaranteed as to both principal and interest 1117  
by any province of Canada, that are the direct obligation of or 1118  
are guaranteed as to both principal and interest by any municipal 1119  
corporation of Canada having a population of one hundred thousand 1120  
or more by the latest official census, and that are not in default 1121  
as to principal or interest; 1122

(5) Obligations issued, assumed, or guaranteed by the 1123  
international finance corporation or by the international bank for 1124  
reconstruction and development, the Asian development bank, the 1125  
inter-American development bank, the African development bank, or 1126  
similar development bank in which the president, as authorized by 1127  
congress and on behalf of the United States, has accepted 1128  
membership. 1129

(6) Bonds or other evidences of indebtedness, not in default 1130  
as to principal or interest, that are valid obligations issued, 1131  
assumed, or guaranteed by the United States or for which the faith 1132  
of the United States is pledged to provide payment of the interest 1133  
and principal, by any state thereof, by the Commonwealth of Puerto 1134

Rico, by any territory or insular possession of the United States, 1135  
or by the District of Columbia, or for which the faith of the 1136  
state or the District of Columbia is pledged to provide payment of 1137  
the interest and principal; 1138

(7) Bonds or other evidences of indebtedness, not in default 1139  
as to principal or interest, that are valid obligations issued, 1140  
assumed, or guaranteed by any county, municipal corporation, 1141  
district, or political subdivision, or by any civil division or 1142  
public instrumentality of such governmental units, if by statutory 1143  
or other legal requirements such obligations are payable, as to 1144  
both principal and interest, from taxes levied upon all taxable 1145  
property within the jurisdiction of such governmental unit and if 1146  
they are direct obligations of such a governmental unit, that unit 1147  
has not defaulted for a period of more than one hundred twenty 1148  
days in the payment of interest upon, or for a period of more than 1149  
one year in the payment of principal of, any of its bonds, notes, 1150  
warrants, securities, or other interest-bearing obligations, 1151  
during the ten years immediately preceding the acquisition of such 1152  
bonds, notes, warrants, securities, or other interest-bearing 1153  
obligations; 1154

(8) Bonds or other obligations issued by or for account of 1155  
any governmental unit specified in division (A)(7) of this section 1156  
having a population of five thousand or more by the latest 1157  
official federal or state census that are payable as to both 1158  
principal and interest from revenues or earnings from the whole or 1159  
any part of a publicly owned utility, provided that by statute or 1160  
other applicable legal requirements, rates from the service or 1161  
operation of such utility must be fixed, maintained, and collected 1162  
at all times so as to produce sufficient revenues or earnings to 1163  
pay both principal and interest of such bonds or obligations as 1164  
they become due; 1165

(9) Any bonds or obligations issued or guaranteed by the 1166

United States, any state, the District of Columbia, the 1167  
Commonwealth of Puerto Rico, any county, municipal corporation, 1168  
district, political subdivision, civil division, commission, 1169  
board, authority, agency, or other instrumentality of one or more 1170  
of them, if all of the following apply: 1171

(a) There is a specific pledge of revenues, earnings, or 1172  
other adequate security; 1173

(b) No prior or parity obligation of the same issuer, payable 1174  
from revenues or earnings from the same source, has been in 1175  
default as to principal or interest during the five years next 1176  
preceding the date of such investment, but such issuer need not 1177  
have been in existence for that period, and obligations acquired 1178  
under this division may be newly issued; 1179

(c) There is adequate provision for payment of expenses of 1180  
operation and maintenance and the principal and interest on all 1181  
obligations when due. 1182

(10) Any bonds issued by or for federal land banks and any 1183  
debentures issued by or for federal intermediate credit banks 1184  
under the act of congress known as the "Federal Farm Loan Act of 1185  
1916," 39 Stat. 360, 12 U.S.C. 641 and amendment thereto; 1186

(11) Any debentures issued by or for banks for cooperatives 1187  
under the act of congress known as the "Farm Credit Act of 1933," 1188  
48 Stat. 257, 12 U.S.C. 131 and amendments thereto; 1189

(12) Bonds issued under the "Home Owners' Loan Act of 1933," 1190  
48 Stat. 128, 12 U.S.C. 1461; 1191

(13) The stock of a national bank located in this state, 1192  
organized under an act of congress entitled "An act to provide a 1193  
national currency, secured by the pledge of United States stocks, 1194  
and to provide for the circulation and redemption thereof," 1195  
approved February 25, 1863, and acts amendatory thereof and 1196  
supplementary thereto; 1197

(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; 1198  
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1200

(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: 1201  
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(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. 1206  
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(b) Such school district, water district, road district, or special district 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, its bonds, notes, warrants, and other interest-bearing securities, during the ten years immediately preceding the acquisition of such bonds, notes, warrants, and other interest-bearing securities. 1211  
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(16) Any securities described in section 77r-1 of the "Secondary Mortgage Market Enhancement Act of 1984," 98 Stat. 1689, 15 U.S.C. 77r-1, subject to all of the limitations prescribed in divisions (B)(6) to (9) of this section for investments not guaranteed by the full faith and credit of the United States. 1218  
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(17) Notwithstanding division (A)(16) of this section, any of the following securities: 1224  
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(a) Securities offered and sold pursuant to 15 U.S.C. section 77d(5); 1226  
1227

(b) Mortgage related securities described in 15 U.S.C. 1228



|   |      |
|---|------|
| <u>section 78c(a)(41);</u>  | 1229 |
| <u>(c) Securities issued or guaranteed by the federal home loan mortgage corporation or the federal national mortgage association.</u>  | 1230 |
| <u>(18) Bonds or other evidences of indebtedness, bearing or accruing interest, issued, assumed, or guaranteed by any solvent corporation, trust, partnership, or similar business entity organized and existing under the laws of this or any other state, or of the United States, the Commonwealth of Puerto Rico, or of the District of Columbia, or of Canada or any province of Canada, upon which there is no existing interest or principal default, provided that the bonds or other evidences of indebtedness are rated by at least one of the following:</u> | 1232 |
| <u>(a) Moody's service;</u>   | 1233 |
| <u>(b) Standard and Poor's;</u>   | 1234 |
| <u>(c) Fitch ratings.</u>   | 1235 |
| <u>(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;</u>   | 1236 |
| <u>(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;</u>  | 1237 |
| <u>(21) Tangible personal property or interests in that property for the production of income, provided that the amount of assets of the bureau of workers' compensation custodial fund that is invested in such property or interests does not exceed two per cent of the admitted assets of that fund;</u>  | 1238 |
| <u>(22) In equipment trust obligations or certificates, security agreements, or other evidences of indebtedness entered into or</u>   | 1239 |
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guaranteed by any company operating wholly or partly within the 1259  
United States or Canada, if that debt obligation is secured by a 1260  
first lien on tangible personal property that is purchased or 1261  
secured for payment thereof and that debt obligation is repayable 1262  
within twenty years from the date of issue in annual, semiannual, 1263  
or more frequent installments beginning not later than the first 1264  
year after that date; 1265

(23) Government money market funds and money market funds 1266  
that have received the highest credit ratings for money market 1267  
funds offered by either Standard and Poor's or Moody's service; 1268

(24) Negotiable promissory notes maturing in not more than 1269  
six months from the date the note is issued, secured by collateral 1270  
security through the transfer of any of the classes of securities 1271  
described in this section, with absolute power of sale within 1272  
twenty days after default in payment at maturity; 1273

(25) Repurchase agreements with and interest-bearing 1274  
obligations of, including savings accounts and time certificates 1275  
of deposit of a national bank of the United States, a commonwealth 1276  
bank of Puerto Rico, a chartered bank of Canada, or a state bank, 1277  
provided such bank is either a member of the federal deposit 1278  
insurance corporation created pursuant to the "Banking Act of 1279  
1933," as amended, or the Canada deposit insurance corporation 1280  
created pursuant to the act of parliament known as the "Canada 1281  
Deposit Insurance Corporation Act," as amended; 1282

(26) Certificates of deposit, savings share accounts, 1283  
investment share accounts, stock deposits, stock certificates, or 1284  
other evidences of indebtedness of a savings and loan association, 1285  
provided all such evidences of indebtedness are insured pursuant 1286  
to the "Financial Institutions Reform, Recovery, and Enforcement 1287  
Act of 1989," 103 Stat. 183, 12 U.S.C. 1811, as amended; 1288

(27) Bankers' acceptances and bills of exchange of the kinds 1289

and maturities made eligible by law for rediscount with the 1290  
federal reserve banks, provided that the same are accepted by a 1291  
bank or trust company incorporated under the laws of the United 1292  
States or of this state or any other bank or trust company which 1293  
is a member of the federal reserve system; 1294

(28) Except as provided in division (A) of section 4123.444 1295  
of the Revised Code, any of the following: 1296

(a) Bonds, notes, debentures, or other evidences of 1297  
indebtedness issued, assumed, or guaranteed by a solvent 1298  
corporation, trust, or partnership formed or existing under the 1299  
laws of a foreign jurisdiction, provided each such foreign 1300  
investment is of the same kind and quality as United States 1301  
investments authorized under this section; 1302

(b) Common or preferred stock or shares of any solvent 1303  
corporation formed or existing under the laws of a foreign 1304  
jurisdiction, provided each such foreign investment is of the same 1305  
kind and quality as United States investments authorized under 1306  
this section; 1307

(c) Bonds or other evidences of indebtedness issued, assumed, 1308  
or guaranteed by a foreign jurisdiction. 1309

(29) Except as provided in division (B) of section 4123.444 1310  
of the Revised Code, investments denominated in foreign currency 1311  
regardless of whether they are foreign investments; 1312

(30) Any securities or other property not otherwise permitted 1313  
under this section, provided that the total amount of the assets 1314  
of an individual bureau of workers' compensation custodial fund 1315  
that is invested in those investments does not exceed, in the 1316  
aggregate, six per cent of the total admitted assets of that fund 1317  
and provided that those investments are made within the 1318  
limitations prescribed in division (C) of section 4123.444 of the 1319  
Revised Code; 1320

(31) Within the limitations prescribed in division (C) of 1321  
section 4123.444 of the Revised Code, loans or investments in 1322  
small businesses having more than half of their assets or 1323  
employees in this state and venture capital firms having an office 1324  
within this state, provided that, as a condition of the 1325  
administrator making an investment in a venture capital firm, the 1326  
firm must agree to use its best efforts to make investments, in an 1327  
aggregate amount at least equal to the investment to be made by 1328  
the administrator in that venture capital firm, in small 1329  
businesses having their principal offices within this state and 1330  
having either more than one-half of their assets within this state 1331  
or more than one-half of their employees employed within this 1332  
state, and provided that the amount of assets of a bureau of 1333  
workers' compensation custodial fund that is invested in such 1334  
investments does not exceed five per cent of the total admitted 1335  
assets of that fund. 1336

(B) For purposes of this section and section 4123.444 of the 1337  
Revised Code, the admitted assets of an individual bureau of 1338  
workers' compensation custodial fund shall be calculated as of the 1339  
thirty-first day of December immediately preceding the date the 1340  
value of the applicable fund is determined. 1341

(C) As used in this section and section 4123.444 of the 1342  
Revised Code: 1343

(1) "Foreign currency" means a currency other than that of 1344  
the United States. 1345

(2) "Foreign jurisdiction" means a jurisdiction outside the 1346  
United States, Puerto Rico, or Canada whose bonds are rated 1 by 1347  
the securities valuation office of the national association of 1348  
insurance commissioners. 1349

(3) "Government money market fund" means a fund that at all 1350  
times invests in obligations issued, guaranteed, or insured by the 1351

federal government of the United States or collateralized 1352  
repurchase agreements comprised of such obligations, and that 1353  
qualifies for investment without a reserve pursuant to the 1354  
purposes and procedures of the securities valuation office of the 1355  
national association of insurance commissioners. 1356

(4) "Small businesses" means any corporation, partnership, 1357  
proprietorship, or other entity that either does not have more 1358  
than four hundred employees, or would qualify as a small business 1359  
for the purpose of receiving financial assistance from small 1360  
business investment companies licensed under the "Small Business 1361  
Investment Act of 1958," 72 Stat. 689, 15 U.S.C. 661, as amended, 1362  
and rules of the small business administration. 1363

(5) "Venture capital firm" means any corporation, 1364  
partnership, proprietorship, or other entity, the principal 1365  
business of which is or will be the making of investments in small 1366  
businesses. 1367

(D) As used in division (A)(31) of this section, 1368  
"investments" means any equity investment, including limited 1369  
partnership interests and other equity interests in which 1370  
liability is limited to the amount of the investment, but does not 1371  
include general partnership interests or other interests involving 1372  
general liability. 1373

**Sec. 4123.444.** (A) The administrator of workers' compensation 1374  
shall not invest the assets of an individual bureau of workers' 1375  
compensation custodial fund in foreign investments under division 1376  
(A)(28) of section 4123.443 of the Revised Code, including 1377  
investments denominated in foreign currency, in a sum exceeding in 1378  
the aggregate fifteen per cent of the admitted assets of that 1379  
fund. The aggregate amount of the assets of a bureau of workers' 1380  
compensation custodial fund that is invested in a single foreign 1381  
jurisdiction shall not exceed three per cent of the admitted 1382

assets of the surplus and reserve of that fund. 1383

(B) The administrator shall not invest the assets of an 1384  
individual bureau of workers' compensation custodial fund in 1385  
investments denominated in foreign currency in a sum exceeding in 1386  
the aggregate ten per cent of the admitted assets of that fund. 1387  
The aggregate amount of the assets of a bureau of workers' 1388  
compensation custodial fund that is invested in investments 1389  
denominated in a single foreign currency shall not exceed three 1390  
per cent of the admitted assets of that fund. 1391

(C) The administrator shall not, at any time, invest the 1392  
assets of an individual bureau of workers' compensation custodial 1393  
fund in a sum exceeding five per cent of the admitted assets of 1394  
that fund in the bonds, notes, debentures, other evidences of 1395  
indebtedness, and stocks of a particular corporation, trust, 1396  
partnership, or similar business entity and shall not, at any 1397  
time, own directly or indirectly more than twenty-five per cent of 1398  
the outstanding bonds, notes, debentures, other evidences of 1399  
indebtedness, and stocks of any corporation. 1400

(D) In the event that, subsequent to being made under 1401  
division (A)(31) of section 4123.443 of the Revised Code, a loan 1402  
or investment is determined to have become qualified as a loan or 1403  
investment under any of the divisions (A)(1) to (A)(25) of that 1404  
section, the administrator may consider such loan or investment as 1405  
held under those divisions and such loan or investment shall no 1406  
longer be considered as having been made under division (A)(31) of 1407  
that section. 1408

(E) The administrator shall not own more than one-fourth of 1409  
the capital stock of a national bank, shall not invest the assets 1410  
of an individual bureau of workers' compensation custodial fund in 1411  
the stocks and bonds of any railroad company or loan on any such 1412  
stocks and bonds held in that fund in an amount that exceeds 1413

one-fifth of the surplus and reserve of that fund, and shall not 1414  
invest the assets of an individual bureau of workers' compensation 1415  
custodial fund in railroad property or loan on such property held 1416  
in that fund in an amount that exceeds, in the aggregate, 1417  
one-fourth of the surplus and reserve of that fund. 1418

The amount of assets of a bureau of workers' compensation 1419  
custodial fund invested in real estate in accordance with section 1420  
4123.443 of the Revised Code shall not exceed at any one time, ten 1421  
per cent of the assets of the surplus and reserve of that fund. 1422  
The amount of assets of a bureau of workers' compensation 1423  
custodial fund invested in any one real estate investment shall 1424  
not exceed at any one time, two per cent of the assets of the 1425  
surplus and reserve of that fund. Nothing in this division 1426  
authorizes the administrator to use an investment in real estate 1427  
primarily for recreational, agricultural, or mining purposes. 1428

**Sec. 4123.444 4123.445.** (A) As used in this section and 1429  
section 4123.445 4123.446 of the Revised Code: 1430

~~(1) "Bureau of workers' compensation funds" means any fund~~ 1431  
~~specified in Chapter 4121., 4123., 4127., or 4131. of the Revised~~ 1432  
~~Code that the administrator of workers' compensation has the~~ 1433  
~~authority to invest, in accordance with the administrator's~~ 1434  
~~investment authority under section 4123.44 of the Revised Code.~~ 1435

~~(2)~~ "Investment manager" means any person with whom the 1436  
administrator of workers' compensation contracts pursuant to 1437  
section 4123.44 of the Revised Code to facilitate the investment 1438  
of assets of bureau of workers' compensation custodial funds. 1439

~~(3)~~(2) "Business entity" means any person with whom an 1440  
investment manager contracts for the investment of assets of 1441  
bureau of workers' compensation custodial funds. 1442

~~(4)~~(3) "Financial or investment crime" means any criminal 1443

offense involving theft, receiving stolen property, embezzlement, 1444  
forgery, fraud, passing bad checks, money laundering, drug 1445  
trafficking, or any criminal offense involving money or 1446  
securities, as set forth in Chapters 2909., 2911., 2913., 2915., 1447  
2921., 2923., and 2925. of the Revised Code or other law of this 1448  
state, or the laws of any other state or the United States that 1449  
are substantially equivalent to those offenses. 1450

(4) "Investment consultant" means any person with whom the 1451  
administrator contracts pursuant to section 4123.44 of the Revised 1452  
Code to obtain the person's advice and opinions in order to 1453  
facilitate the investment of assets of bureau of workers' 1454  
compensation custodial funds. 1455

(B)(1) Before entering into a contract with an investment 1456  
manager to invest bureau of workers' compensation custodial funds, 1457  
the administrator shall do both of the following: 1458

(a) Request from any investment manager with whom the 1459  
administrator wishes to contract for those investments a list of 1460  
all employees who will be investing assets of bureau of workers' 1461  
compensation custodial funds. The list shall specify each 1462  
employee's state of residence for the five years prior to the date 1463  
of the administrator's request. 1464

(b) Request that the superintendent of the bureau of criminal 1465  
investigation and identification conduct a criminal records check 1466  
in accordance with this section and section 109.579 of the Revised 1467  
Code with respect to every employee the investment manager names 1468  
in that list. 1469

(2) After an investment manager enters into a contract with 1470  
the administrator to invest bureau of workers' compensation 1471  
custodial funds and before an investment manager enters into a 1472  
contract with a business entity to facilitate those investments, 1473  
the investment manager shall request from any business entity with 1474



whom the investment manager wishes to contract to make those 1475  
investments a list of all employees who will be investing assets 1476  
of the bureau of workers' compensation custodial funds. The list 1477  
shall specify each employee's state of residence for the five 1478  
years prior to the investment manager's request. The investment 1479  
manager shall forward to the administrator the list received from 1480  
the business entity. The administrator shall request the 1481  
superintendent to conduct a criminal records check in accordance 1482  
with this section and section 109.579 of the Revised Code with 1483  
respect to every employee the business entity names in that list. 1484  
Upon receipt of the results of the criminal records check, the 1485  
administrator shall advise the investment manager whether the 1486  
results were favorable or unfavorable. 1487

(3) If, after a contract has been entered into between the 1488  
administrator and an investment manager or between an investment 1489  
manager and a business entity for the investment of assets of 1490  
bureau of workers' compensation custodial funds, the investment 1491  
manager or business entity wishes to have an employee who was not 1492  
the subject of a criminal records check under division (B)(1) or 1493  
(B)(2) of this section invest assets of the bureau of workers' 1494  
compensation custodial funds, that employee shall be the subject 1495  
of a criminal records check pursuant to this section and section 1496  
109.579 of the Revised Code prior to handling the investment of 1497  
assets of those funds. The investment manager shall submit to the 1498  
administrator the name of that employee along with the employee's 1499  
state of residence for the five years prior to the date in which 1500  
the administrator requests the criminal records check. The 1501  
administrator shall request that the superintendent conduct a 1502  
criminal records check on that employee pursuant to this section 1503  
and section 109.579 of the Revised Code. 1504

(4) Before entering into a contract with an investment 1505  
consultant regarding the investment of bureau of workers' 1506

compensation custodial funds, the administrator shall do both of 1507  
the following: 1508

(a) Request from any investment consultant with whom the 1509  
administrator wishes to contract a list of all employees who will 1510  
be providing advice and opinions regarding the investment of the 1511  
assets of bureau of workers' compensation custodial funds. The 1512  
list shall specify each employee's state of residence for the five 1513  
years prior to the date of the administrator's request. 1514

(b) Request that the superintendent of the bureau of criminal 1515  
investigation and identification conduct a criminal records check 1516  
in accordance with this section and section 109.579 of the Revised 1517  
Code with respect to every employee the investment consultant 1518  
names in that list. 1519

(5) If, after a contract has been entered into between the 1520  
administrator and an investment consultant, the investment 1521  
consultant wishes to have an employee who was not the subject of a 1522  
criminal records check under division (B)(4) of this section 1523  
provide advice and opinions regarding the investment of the assets 1524  
of the bureau of workers' compensation custodial funds, that 1525  
employee shall be the subject of a criminal records check pursuant 1526  
to this section and section 109.579 of the Revised Code prior to 1527  
providing advice and opinions regarding the investment of assets 1528  
of those funds. The investment consultant shall submit to the 1529  
administrator the name of that employee along with the employee's 1530  
state of residence for the five years prior to the date in which 1531  
the administrator requests the criminal records check. The 1532  
administrator shall request that the superintendent conduct a 1533  
criminal records check on that employee pursuant to this section 1534  
and section 109.579 of the Revised Code. 1535

(C)(1) If an employee who is the subject of a criminal 1536  
records check pursuant to division (B) of this section has not 1537  
been a resident of this state for the five-year period immediately 1538

prior to the time the criminal records check is requested or does 1539  
not provide evidence that within that five-year period the 1540  
superintendent has requested information about the employee from 1541  
the federal bureau of investigation in a criminal records check, 1542  
the administrator shall request that the superintendent obtain 1543  
information from the federal bureau of investigation as a part of 1544  
the criminal records check for the employee. If the employee has 1545  
been a resident of this state for at least that five-year period, 1546  
the administrator may, but is not required to, request that the 1547  
superintendent request and include in the criminal records check 1548  
information about that employee from the federal bureau of 1549  
investigation. 1550

(2) The administrator shall provide to an investment manager 1551  
or consultant a copy of the form prescribed pursuant to division 1552  
(C)(1) of section 109.579 of the Revised Code and a standard 1553  
impression sheet for each employee for whom a criminal records 1554  
check must be performed, to obtain fingerprint impressions as 1555  
prescribed pursuant to division (C)(2) of section 109.579 of the 1556  
Revised Code. ~~The~~ An investment manager shall obtain the completed 1557  
form and impression sheet either directly from each employee or 1558  
from a business entity and shall forward the completed form and 1559  
sheet to the administrator, who shall forward these forms and 1560  
sheets to the superintendent. An investment consultant shall 1561  
obtain the completed form and impression sheet directly from each 1562  
employee and shall forward the completed form and sheet to the 1563  
administrator, who shall forward these forms and sheets to the 1564  
superintendent. 1565

(3) Any employee who receives a copy of the form and the 1566  
impression sheet pursuant to division (C)(2) of this section and 1567  
who is requested to complete the form and provide a set of 1568  
fingerprint impressions shall complete the form or provide all the 1569  
information necessary to complete the form and shall complete the 1570

impression sheets in the manner prescribed in division (C)(2) of 1571  
section 109.579 of the Revised Code. 1572

(D) For each criminal records check the administrator 1573  
requests under this section, at the time the administrator makes a 1574  
request the administrator shall pay to the superintendent the fee 1575  
the superintendent prescribes pursuant to division (E) of section 1576  
109.579 of the Revised Code. 1577

**Sec. ~~4123.445~~ 4123.446.** (A) The administrator of workers' 1578  
compensation shall not enter into a contract with an investment 1579  
manager for the investment of assets of the bureau of workers' 1580  
compensation custodial funds if any employee of that investment 1581  
manager who will be investing assets of bureau of workers' 1582  
compensation custodial funds has been convicted of or pleaded 1583  
guilty to a financial or investment crime. 1584

(B) An investment manager who has entered into a contract 1585  
with the bureau of workers' compensation for the investment of 1586  
assets of bureau of workers' compensation custodial funds shall 1587  
not contract with a business entity for the investment of those 1588  
assets if any employee of that business manager who will be 1589  
investing assets of bureau of workers' compensation custodial 1590  
funds has been convicted of or pleaded guilty to a financial or 1591  
investment crime. 1592

(C) The administrator shall not enter into a contract with an 1593  
investment consultant if any employee of that investment 1594  
consultant who will be providing advice and opinions regarding the 1595  
investment of the assets of bureau of workers' compensation 1596  
custodial funds has been convicted of or pleaded guilty to a 1597  
financial or investment crime. 1598

(D) The administrator shall not enter into a contract with an 1599  
investment manager or consultant who refuses to submit the list of 1600  
the investment manager's or consultant's employees required under 1601

division (B) of section ~~4123.444~~ 4123.445 of the Revised Code. An 1602  
investment manager shall not enter into a contract with a business 1603  
entity who refuses to submit the list of the business entity's 1604  
employees required under division (B) of section ~~4123.444~~ 4123.445 1605  
of the Revised Code. 1606

~~(D)~~(E) If, after a contract has been awarded to an investment 1607  
manager ~~or~~, business entity for the investment of assets of bureau 1608  
of workers' compensation funds, or an investment consultant, the 1609  
investment manager ~~or~~, business entity, or investment consultant 1610  
discovers that an employee who is handling the investment of those 1611  
assets, or an employee who is providing advice and opinions 1612  
regarding the investment of those assets, as applicable, has been 1613  
convicted of or pleaded guilty to a financial or investment crime, 1614  
the investment manager ~~or~~, business entity, or investment 1615  
consultant immediately shall notify the administrator. 1616

**Sec. 4123.447.** When in the judgment of the administrator of 1617  
workers' compensation it is necessary to provide available funds 1618  
for the payment of compensation or benefits under this chapter or 1619  
Chapter 4121., 4127., or 4131. of the Revised Code, the 1620  
administrator may borrow money from any available source, deposit 1621  
the money received in the bureau of workers' compensation 1622  
custodial fund from which such compensation and benefits are paid, 1623  
and pledge as security a sufficient amount of bonds or other 1624  
securities in which the assets of that fund are invested. The 1625  
aggregate unpaid amount of loans existing at any one time for 1626  
money so borrowed shall not exceed ten million dollars. The bonds 1627  
or other securities so pledged as security for such loans to the 1628  
administrator shall be the sole security for the payment of the 1629  
principal and interest of any such loan. The administrator shall 1630  
not be personally liable for the payment of the principal or the 1631  
interest of any such loan. No such loan shall be made for a longer 1632  
period of time than one year. Such loans may be renewed but no one 1633

renewal shall be for a period in excess of one year. Such loans 1634  
shall bear such rate of interest as the administrator determines 1635  
and in negotiating the loans, the administrator shall endeavor to 1636  
secure as favorable interest rates and terms as circumstances will 1637  
permit. 1638

The treasurer of state may deliver to the person or 1639  
governmental agency making such loan, the bonds or other 1640  
securities which are to be pledged by the administrator as 1641  
security for such loan, upon receipt by the treasurer of state of 1642  
an order of the administrator authorizing such loan. Upon payment 1643  
of any such loan by the administrator, the bonds or other 1644  
securities pledged as security therefor shall be returned to the 1645  
treasurer of state as custodian of such bonds. 1646

The administrator may pledge with the treasurer of state such 1647  
amount of bonds or other securities in which the assets of the 1648  
particular bureau of workers' compensation custodial fund are 1649  
invested as is reasonably necessary as security for any 1650  
certificates issued, or paid out, by the treasurer of state upon 1651  
any warrants drawn by the administrator. 1652

**Sec. 4123.443 4123.448.** Rental payments by the bureau of 1653  
workers' compensation or the industrial commission to or for the 1654  
benefit of the state insurance fund for each building owned by the 1655  
bureau that was constructed or acquired as an investment in 1656  
productive real estate, shall be made pursuant to a lease 1657  
agreement for a term that shall not exceed two years. Beginning 1658  
July 1, 1991, the rental payments to be made under each such lease 1659  
agreement shall include the amount needed to amortize the 1660  
construction or acquisition costs for the building over a period 1661  
not to exceed twenty-five years, and, until such costs are 1662  
amortized, an amount representing return on investment to the 1663  
state insurance fund determined by multiplying the unamortized 1664

acquisition or construction costs of the building by a rate that 1665  
is not more than three per cent below the rate determined by the 1666  
tax commissioner under division (B) of section 5703.47 of the 1667  
Revised Code. 1668

**Sec. 4127.05.** The premiums, collected under this chapter 1669  
shall be paid into a separate fund to be known as the "public 1670  
work-relief employees' compensation fund," and all compensation, 1671  
death benefits, and expenses for medical, nurse, and hospital 1672  
services, medicine, and funerals, shall be paid out of the fund. 1673

Such premiums shall be collected, the moneys of the fund 1674  
disbursed and the fund maintained, without regard to or reliance 1675  
upon any other fund mentioned in Chapter 4123. of the Revised 1676  
Code. 1677

This section shall not prevent the deposit or investment of 1678  
the moneys of the public work-relief employees' compensation fund 1679  
with the moneys of the state insurance fund provided for in 1680  
Chapter 4123. of the Revised Code, but such funds shall be 1681  
separate for all other purposes. 1682

The administrator of workers' compensation may invest the 1683  
surplus and reserve belonging to the fund in accordance with 1684  
section 4123.44 of the Revised Code. 1685

**Sec. 4131.03.** (A) For the relief of persons who are entitled 1686  
to receive benefits by virtue of the federal act, there is hereby 1687  
established a coal-workers pneumoconiosis fund, which shall be 1688  
separate from the funds established and administered pursuant to 1689  
Chapter 4123. of the Revised Code. The fund shall consist of 1690  
premiums and other payments thereto by subscribers who elect to 1691  
subscribe to the fund to insure the payment of benefits required 1692  
by the federal act. 1693

(B)(1) The coal-workers pneumoconiosis fund shall be in the 1694

custody of the treasurer of state. The bureau of workers' 1695  
compensation shall make disbursements from the fund to those 1696  
persons entitled to payment therefrom and in the amounts required 1697  
pursuant to sections 4131.01 to 4131.06 of the Revised Code. All 1698  
investment earnings of the fund shall be credited to the fund. 1699

(2) The administrator of workers' compensation may transfer a 1700  
portion of the investment earnings credited to the coal-workers 1701  
pneumoconiosis fund to the mine safety fund created in section 1702  
1561.24 of the Revised Code for the purposes specified in that 1703  
section. The administrator, with the advice and consent of the 1704  
bureau of workers' compensation board of directors, shall adopt 1705  
rules governing the transfer in order to ensure the solvency of 1706  
the coal-workers pneumoconiosis fund. For that purpose, the rules 1707  
may establish tests based on measures of net assets, liabilities, 1708  
expenses, interest, dividend income, or other factors that the 1709  
administrator determines appropriate that may be applied prior to 1710  
a transfer. 1711

(C) The administrator ~~shall have the same powers to~~ may 1712  
~~invest any of the surplus or~~ and reserve belonging to the 1713  
coal-workers pneumoconiosis fund ~~as are delegated to the~~ 1714  
~~administrator under~~ in accordance with section 4123.44 of the 1715  
Revised Code ~~with respect to the state insurance fund.~~ 1716

(D) If the administrator determines that reinsurance of the 1717  
risks of the coal-workers pneumoconiosis fund is necessary to 1718  
assure solvency of the fund, the administrator may: 1719

(1) Enter into contracts for the purchase of reinsurance 1720  
coverage of the risks of the fund with any company or agency 1721  
authorized by law to issue contracts of reinsurance; 1722

(2) Pay the cost of reinsurance from the fund; 1723

(3) Include the costs of reinsurance as a liability and 1724  
estimated liability of the fund. 1725



Sec. 4131.13. (A) For the relief of persons who are entitled 1726  
to receive benefits by virtue of the federal act, there is hereby 1727  
established a marine industry fund, which shall be separate from 1728  
the funds established and administered pursuant to Chapter 4123. 1729  
of the Revised Code. The marine industry fund shall consist of 1730  
premiums and other payments thereto by marine industry employers 1731  
who apply to the bureau of workers' compensation for permission to 1732  
subscribe to the fund to insure the payment of benefits required 1733  
by the federal act. 1734

By rule, the administrator of workers' compensation shall 1735  
establish criteria for the acceptance or rejection of applications 1736  
by marine industry employers who apply to subscribe to the fund. 1737

(B) The marine industry fund shall be in the custody of the 1738  
treasurer of state. The bureau shall make disbursements from the 1739  
fund to those persons entitled to payment therefrom and in the 1740  
amounts required pursuant to the federal act. The auditor of state 1741  
annually shall complete a fiscal audit of the fund. All investment 1742  
earnings of the fund shall be credited to the fund. 1743

(C) The administrator ~~shall have the same powers to~~ may 1744  
~~invest any of the surplus or~~ and reserve belonging to the marine 1745  
industry fund ~~as are delegated to him under~~ in accordance with 1746  
section 4123.44 of the Revised Code ~~with respect to the state~~ 1747  
~~insurance fund.~~ 1748

(D) If the bureau of workers' compensation board of directors 1749  
determines that reinsurance of the risks of the marine industry 1750  
fund is necessary to assure solvency of the fund, the board may: 1751

(1) Enter into contracts for the purchase of reinsurance 1752  
coverage of the risks of the fund with any company or agency 1753  
authorized by law to issue contracts of reinsurance; 1754

(2) Require the administrator to pay the cost of reinsurance 1755

from the fund; 1756

(3) Include the costs of reinsurance as a liability and 1757  
estimated liability of the fund. 1758

(E) For the purpose of maintaining the solvency of the marine 1759  
industry fund, the administrator may borrow money from the state 1760  
insurance fund as is necessary. Money borrowed from the state 1761  
insurance fund shall be repaid from the marine industry fund 1762  
together with an appropriate interest rate not to exceed the 1763  
average yield of fixed income investments of the state insurance 1764  
fund for the six-month period ended on the last day of the month 1765  
preceding the month in which the money is borrowed. Loans made 1766  
pursuant to this division are a proper investment of the surplus 1767  
or reserve of the state insurance fund. 1768

(F) In no event shall any of the assets of any of the funds 1769  
created and administered pursuant to Chapter 4123. of the Revised 1770  
Code be disbursed in payment of any cost or obligation of or 1771  
insured by the marine industry fund. This division shall not be 1772  
construed to prohibit as a proper investment loans made from the 1773  
state insurance fund to the marine industry fund pursuant to 1774  
division (E) of this section. 1775

**Section 2.** That existing sections 109.579, 4121.12, 4121.79, 1776  
4123.01, 4123.34, 4123.351, 4123.412, 4123.44, 4123.442, 4123.443, 1777  
4123.444, 4123.445, 4127.05, 4131.03, and 4131.13 of the Revised 1778  
Code are hereby repealed. 1779

**Section 3.** The Bureau of Workers' Compensation Board of 1780  
Directors shall approve an investment policy that meets the 1781  
requirements of sections 4121.12 and 4123.442 of the Revised Code, 1782  
as amended by this act, no later than ninety days after the 1783  
effective date of this act. The investment policy in existence on 1784  
the effective date of this act shall remain in effect until the 1785

Board approves the new investment policy. 1786

**Section 4.** This act applies to investments made on or after 1787  
the effective date of the investment policy approved by the Bureau 1788  
of Workers' Compensation Board of Directors pursuant to Section 3 1789  
of this act. 1790