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Bill Analysis

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Version: As Reported by Senate Financial Institutions, Insurance, and Technology

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SUMMARY

Special purpose financial captive insurance companies

- Adds that the Superintendent of Insurance may, on request, admit an unimpaired asset held by a special purpose financial captive insurance company (SPFCIC) or any affiliated entity which is intended to secure the reinsurance obligations of such parties, or which is not recognized as such in the National Association of Insurance Commissioner's Accounting (NAIC) Practices and Procedures Manual.
- Provides that an admitted unimpaired asset must be treated as a public document after the date the asset was approved.
- Changes the requirements for a counterparty to take credit for reinsurance ceded to an SPFCIC that is a subsidiary or affiliate of the counterparty.
- Allows, rather than requires, reinsurance funds ceded to an SPFCIC that is a subsidiary or affiliate of the counterparty to be in compliance with the law regarding credit for reinsurance being ceded as a reduction of liability.

Ohio Assigned Risk Insurance Plan

- Allows the manager of the Ohio Assigned Risk Insurance Plan (OARIP) to revoke an insurance agent's registration for violating the duty to ensure that all material included in an OARIP application and supporting materials is true and accurate.

* This analysis was prepared before the report of the Senate Financial Institutions, Insurance, and Technology Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

- Adds that the OARIP manager may, as a condition of granting insurance, require an applicant to take any action necessary to accomplish certain objectives, such as, for example, the prevention of fraud against OARIP.
- Allows the OARIP manager to request any information necessary to determine an applicant's eligibility for the plan.
- Specifies that the OARIP applicant has the burden of proof for eligibility, and that the eligibility determination is at the discretion of the OARIP manager.
- Allows OARIP to employ any form of technology necessary to review applications for eligibility, determine any conditions required for the issuance of coverage under this section, or to find and prevent fraudulent activities.
- Permits OARIP to seek to place an applicant with any insurer admitted or authorized in Ohio, and provides that an agent whose applicant is placed with an insurer is generally ineligible for compensation from that insurer.
- Allows the OARIP manager to refuse applications from any agent that the manager suspects has submitted applications containing, or supported by, inaccurate or fraudulent information.
- Requires the OARIP manager to communicate any suspicion of fraudulent activity to the Superintendent of Insurance.
- Allows the OARIP manager to resume accepting applications from an agent once the manager has determined that the fraudulent activity did not occur or has ceased.
- Provides that knowingly submitting, or submitting with the purpose to defraud, false, manufactured, manipulated, or inaccurate information to OARIP is insurance fraud.

Electronic signatures

- Allows an insurer to comply with any signature requirement imposed by the Revised Code using an electronic signature.

Repair facilities

- Prohibits a repair facility from requiring a consumer to sign certain contracts, such as, for example, a contract that interferes with a policy of insurance.
- Prohibits a repair facility, or third party acting on behalf of a repair facility, from representing, negotiating, obtaining, or attempting to obtain an assignment of claims, rights, benefits, power of attorney, or proceeds from a consumer.
- Requires a repair facility to cease assessing or accruing any and all charges for any fee reasonably related to storage once the facility has been notified, electronically or through mail, by the insurer, or has otherwise determined, that the vehicle has been deemed a total loss.

- Requires a repair facility to allow prompt access to the vehicle by the insurer for the purposes of inspection and valuation of the loss, and provides that access cannot be prohibited during normal business hours.
- Provides that a violation of the bill's repair facility provisions constitutes a deceptive act or practice in connection with a consumer transaction, and is subject to any applicable penalties.

Insurance company civil actions regarding towed vehicles

- Clarifies the current procedures governing an insurance company civil action against a towing service or storage facility by specifying that the insurance company must file the civil action in the municipal or county court with territorial jurisdiction, regardless of the value of the vehicle or bill for services.
- Expands the timeframe in which the action must be filed from 30 days to 45 days after an insurance company receives the bill for services from the towing service or storage facility.
- Prohibits a towing service or storage facility from adding additional storage or related fees to the disputed bill after an insurance company files a civil action.
- Requires, rather than authorizes, a court to penalize a towing service or storage facility that does not release a vehicle to its owner after the insurance company pays the undisputed portion of the bill.

Unaffiliated insurance agents

- Provides for the licensure of unaffiliated insurance agents if certain requirements are met, such as, for example if the applicant has passed the Series 65 Exam administered by the Financial Industry Regulatory Authority.
- Allows a licensed unaffiliated agent to sell, solicit, or negotiate variable life and variable annuity products without a line of authority.
- Specifies that unaffiliated insurance agents who solicit an application for insurance on the life of another person are to be considered the agent of the insured.

Insurance company investment law changes

- Modifies the law regarding allowable investments by domestic life insurance companies and domestic insurance companies other than life by:
  - Replacing references to assets or investments that are "rated" by the NAIC's Securities Valuation Office (SVO) to instead refer to such assets or investments "designated" by SVO;
  - Allowing investments into domestic and certain foreign companies investment may also occur if the bonds, notes, debentures, or other evidences of indebtedness of such corporation, trust, partnership, or similar business entity are designated 3, 4, 5, or 6 by SVO, subject to certain percentage limits;

- Increasing the percentage limits on investments in foreign companies generally, foreign currency investments, and investments in securities not otherwise permitted.

TABLE OF CONTENTS

Summary 4
Special purpose financial captive insurance companies 5
SPFCIC unimpaired assets for accounting 5
Counterparty credit for reinsurance ceded to an SPFCIC 6
Ohio Assigned Risk Insurance Plan 6
Revoking insurance agent registration 6
Condition of granting insurance 7
Applicant eligibility determination 7
OARIP use of technology 7
Placement of applicant with any insurer 7
Refusal of applications from insurance agents 7
Insurance fraud designation 8
Electronic signatures 8
Repair facilities 8
Certain repair facility contracts prohibited 8
Obtaining assignments from consumers prohibited 9
Repair facility storage fee assessment 9
Prompt vehicle access by insurer 9
Violation constitutes a deceptive act or practice 9
Insurance company civil actions regarding towed vehicles 10
Unaffiliated insurance agents 11
Issuing unaffiliated insurance agent license 11
Insurance company investment law changes 12
Assets "designated" by Securities Valuation Office 12
Investments in domestic and certain foreign companies 12
Investments in foreign companies generally 13
Foreign currency investments 13
Investments in securities not otherwise permitted 14

DETAILED ANALYSIS

Summary

The bill makes various changes to Ohio insurance laws regarding: (1) special purpose financial captive insurance companies (SPFCICs), (2) the Ohio Assigned Risk Insurance Plan,

(3) insurance company electronic signatures, and (4) insurance company investments. Additionally, the bill imposes certain requirements and prohibitions on repair shop activities. The bill makes changes regarding civil actions concerning towed vehicles brought by insurance companies. The bill also provides for the licensure of unaffiliated insurance agents.

Special purpose financial captive insurance companies

The bill modifies certain laws applicable to SPFCICs. An SPFCIC is a form of a captive insurance company (CIC) where an insurer cedes risk related to life insurance to the CIC, either through reinsurance or directly transferring the risk to the SPFCIC, through what is referred to as an SPFCIC contract.

Existing law defines the following terms related to SPFCICs and CICs:

- "Captive insurance company" means any insurer that insures only the risks of its parent or affiliated companies of its parent, including any protected cell captive insurance company formed or licensed under the Captive Insurance Companies law.
- "SPFCIC contract" means a contract between an SPFCIC and a counterparty pursuant to which the SPFCIC agrees to provide insurance or reinsurance protection to the counterparty for risks associated with the counterparty's insurance or reinsurance business, including a second contract where the counterparty is liable for losses or other obligations that were securitized.
- "Counterparty" means an SPFCIC's parent or an affiliated entity that is an insurer domiciled in Ohio that cedes life insurance risks to the SPFCIC pursuant to an SPFCIC contract.[1]

SPFCIC unimpaired assets for accounting

Existing law generally requires an SPFCIC to follow the National Association of Insurance Commission's (NAIC) Accounting Practices and Procedures Manual (NAIC Accounting Manual). But, the Superintendent of Insurance may, on request, allow an SPFCIC to use a reserve basis other than that found in the NAIC Accounting Manual (referred to as an "alternative reserve basis").

The bill adds that the Superintendent may, on request, admit an unimpaired asset held by an SPFCIC or any affiliate entity which is intended to secure the reinsurance obligations of such parties, or which is not recognized as such in the NAIC Accounting Manual. Like for the alternative reserve basis, the bill also provides that an admitted unimpaired asset must be treated as a public document after the date the asset was approved, regardless of the application of the Uniform Trade Secrets Act.[2]

[1] R.C. 3964.01 and 3964.19, not in the bill.

[2] R.C. 3964.03(E).

Counterparty credit for reinsurance ceded to an SPFCIC

Under current law, a counterparty may take credit for reinsurance ceded to an SPFCIC that is a subsidiary or affiliate of the counterparty, if assets valued using the basis of accounting applicable to the SPFCIC at least equal to the reserves determined under the basis elected for the reinsurance are held directly by the ceding counterparty or in trust on behalf of the ceding counterparty, as security for payment for the obligations under the reinsurance contract with the reinsuring SPFCIC. Additionally, such funds must be held in compliance with the law regarding credit for reinsurance ceded as a reduction of liability.

The bill makes both of the following changes regarding a counterparty taking credit for reinsurance ceded to an SPFCIC:

- Allows a counterparty to take credit for reinsurance ceded to an SPFCIC that is a subsidiary or affiliate if assets at least equal to reserves *are held by the SPFCIC for the purpose of supporting the obligations under the reinsurance contract*, rather than if the assets are *held in trust on behalf of the ceding counterparty as security for payment of the obligations under the reinsurance contracts with the reinsuring SPFCIC*. This provision is notwithstanding the law regarding credit for reinsurance ceded as a reduction of liability.
- Allows, rather than requires, such reinsurance funds to be held in compliance with the law regarding credit for reinsurance ceded as a reduction of liability.[3]

Ohio Assigned Risk Insurance Plan

Existing law requires the Superintendent of Insurance, after consulting with insurance companies authorized to issue automobile liability or physical damage policies in Ohio, to approve a reasonable plan for the apportionment of policy applicants who are unable to obtain such policies or motor-vehicle liability policies through ordinary methods among the insurance companies. This plan requiring insurance companies to issue policies to applicants who cannot otherwise obtain insurance coverage is the "Ohio Assigned Risk Insurance Plan" (OARIP). The bill makes several changes concerning OARIP.

"Motor-vehicle liability policy" is defined under continuing law as an "owner's policy" or an "operator's policy" of liability insurance that is certified pursuant to certain laws as proof of financial responsibility, and that is generally issued by an insurance carrier authorized to do business in Ohio, to or for the benefit of the person named therein as insured.[4]

Revoking insurance agent registration

Current law allows the manager of OARIP to revoke an insurance agent's registration if the agent fails to comply with requirements related to exercising due diligence in confirming that a person is unable to obtain coverage through an authorized Ohio insurer. The bill adds that an

[3] R.C. 3964.194; R.C. 3901.63, not in the bill.

[4] R.C. 4509.70; R.C. 4509.01(L), not in the bill.

insurance agent's registration can also be revoked for violating the duty to ensure that all material include in the OARIP application and supporting materials is true and accurate.[5]

Condition of granting insurance

The bill adds that the manager of OARIP may, as a condition of granting insurance, require an applicant to take any action necessary to accomplish any of the following:

- The promotion of vehicle safety, public safety, or increased ability of OARIP to underwrite applicant risk;
- The prevention of fraud against OARIP;
- The acquisition of any information the manager of the plan deems necessary to determine an applicant's current and continued eligibility for OARIP.[6]

Applicant eligibility determination

The bill also adds that the manager of OARIP may request any information necessary to determine an applicant's eligibility for OARIP. The applicant has the burden of proof to establish insurance eligibility under OARIP, and the determination of whether the applicant has demonstrated eligibility is at the discretion of the OARIP manager.[7]

OARIP use of technology

OARIP is authorized by the bill to employ any form of technology necessary to review applications for eligibility, determine any conditions required for the issuance of coverage, or to find and prevent fraudulent activities.[8]

Placement of applicant with any insurer

Under the bill, OARIP, consistent with the principle of OARIP being a market of last resort, may seek to place an applicant with any insurer admitted and authorized in Ohio, regardless of whether the insurance agent submitting the application is appointed with the insurer. An agent whose applicant is placed with such an insurer is ineligible for compensation from that insurer unless the agent is appointed by the receiving insurer under Ohio law.[9]

Refusal of applications from insurance agents

The bill authorizes the OARIP manager to refuse to accept applications from any insurance agent that the manager suspects has submitted applications that contain, or that are supported by, inaccurate or fraudulent information. The OARIP manager must communicate any suspicion of fraudulent activity to the Superintendent of Insurance. The OARIP manager may resume

[5] R.C. 4509.70(H)(5) to (7).

[6] R.C. 4509.70(I)(1).

[7] R.C. 4509.70(I)(2).

[8] R.C. 4509.70(I)(3).

[9] R.C. 4509.70(I)(4).

accepting applications from an agent once the manager has determined that the fraudulent activity did not occur or has ceased.[10]

Insurance fraud designation

The bill states that it is insurance fraud to knowingly (1) submit or (2) submit with the purpose to defraud, the following: false, manufactured, manipulated, or inaccurate information to OARIP. Under continuing law, unchanged by the bill, insurance fraud is a first degree misdemeanor or a fifth, fourth, or third degree felony depending on the amount of the false or deceptive claim.[11]

Electronic signatures

Current law allows an insurer to use an electronic signature to comply with any signature requirement placed on insurers by Ohio Insurance laws, including any requirement that a document submitted by an insurer to the Department of Insurance be signed. The bill instead allows an insurer to use an electronic signature to comply with any signature requirement imposed by the Revised Code.

"Insurer" in this context is defined under continuing law as any person (except any agency, authority, or instrumentality of the federal government, or a state, territory, or political subdivision) engaged in the business of insurance, guaranty, or membership, an inter-insurance exchange, a mutual or fraternal benefit society, or a health insuring corporation. "Electronic signature" is defined as an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record, including a signature secured through blockchain technology.[12]

Repair facilities

The bill imposes various requirements and prohibitions regarding repair facilities. "Repair facility" is defined by the bill as any garage, body shop, or other entity that undertakes the repair or replacement of those parts that generally constitute the exterior of a motor vehicle. "Repair facility" excludes an entity owned or operated by a motor vehicle dealer (which is, under continuing law, any new motor vehicle dealer, any motor vehicle leasing dealer, any adaptive mobility dealer, and any used motor vehicle dealer).[13]

Certain repair facility contracts prohibited

The bill prohibits a repair facility from requiring a consumer to sign a contract that does any of the following:

- Interferes with a policy of insurance;

[10] R.C. 4509.70(I)(5).

[11] R.C. 4509.70(I)(6); R.C. 2913.47, not in the bill.

[12] R.C. 3901.046; R.C. 1306.01 and 3901.32, not in the bill.

[13] R.C. 1345.82; R.C. 4517.01, not in the bill.

- Prohibits an insurer or consumer from commencing a civil action against a towing service or storage facility;
- Prohibits an insurer or consumer from filing a writ of replevin under continuing law (which allows for the recovery of specific personal property);
- Requires the consumer to pay the legal fees of the repair facility for filing any action designed to return the vehicle to the consumer;
- Prohibits the consumer from transferring the title of the vehicle the consumer owns.[14]

Obtaining assignments from consumers prohibited

The bill prohibits a repair facility, or third party acting on behalf of a repair facility, from representing, negotiating, obtaining, or attempting to obtain an assignment of claims, rights, benefits, power of attorney, or proceeds from a consumer.[15]

Repair facility storage fee assessment

Under the bill, a repair facility is required to cease assessing or accruing any and all charges for any fee reasonably related to storage, regardless of how the fee is listed on a bill or list of charges, once the facility has been notified by the insurer, or has otherwise determined, that the vehicle has been deemed a total loss. Notification by an insurer may occur via electronic mail, commercial carrier, or the U.S. Postal Service.[16]

Prompt vehicle access by insurer

A repair facility is required by the bill to allow prompt access to the vehicle by the insurer for the purposes of inspection and valuation of the loss. Access cannot be prohibited during normal business hours after the vehicle is towed or otherwise delivered to the facility.[17]

Violation constitutes a deceptive act or practice

A violation of the "**Repair facilities**" provisions described above constitutes a deceptive act or practice in connection with a consumer transaction, and is subject to any applicable penalties.

Continuing law authorizes both the Attorney General and consumers to sue alleged persons who engaged in a deceptive act or practice in connection with a consumer transaction. Penalties from the Attorney General for such a violation might include, for example, a civil penalty up to $5,000 for each day's violation of a temporary restraining order or preliminary or permanent injunction issued to prevent the act or practice. Recovery in a suit brought by a

[14] R.C. 1345.82(B), (C), and (D); R.C. Chapter 2737, not in the bill.

[15] R.C. 1345.82(E).

[16] R.C. 1345.82(F).

[17] R.C. 1345.82(G).

consumer could consist of, for example, the consumer's actual economic damages plus up to $5,000 in noneconomic damages.

"Consumer transaction" is defined in continuing law as, with certain exceptions, a sale, lease, assignment, award by chance, or other transfer of an item of goods, a service, a franchise, or an intangible, to an individual for purposes that are primarily personal, family, or household, or solicitation to supply any of these things.[18]

Insurance company civil actions regarding towed vehicles

The bill modifies the law that authorizes an insurance company to bring a civil action against a towing service or storage facility for either or both of the following reasons:

1. The recovery of a motor vehicle insured by that company that has been towed or stored and for which a claim has been filed with the insurance company;
2. Objecting to the amount billed by the towing service or storage facility.

Under current law, an insurance company may bring the civil action on its own behalf, on behalf of the holder of a policy of automobile insurance, or on behalf of a motor vehicle owner. A towing service is any for-hire motor carrier that tows motor vehicles, while a storage facility is typically any place that the towing service delivers a towed motor vehicle for storage. The bill expands the meaning of storage facility, however, to include any place that charges fees for storing a motor vehicle regardless of what person or entity towed or delivered the motor vehicle. The bill also specifies that a storage facility does not include a place owned or operated by a motor vehicle dealer, a salvage motor vehicle auction, or a salvage motor vehicle pool.[19]

Under current law, the civil actions related to towed vehicles filed by the insurance companies must be brought in the municipal or county court with territorial jurisdiction over the location from which the vehicle was towed or stored. The bill clarifies that this jurisdiction applies regardless of the value of the vehicle or the bill for services.[20] Without that specification, a municipal or county court only has jurisdiction in cases where the appraised value of the personal property sought to be recovered is up to $15,000. When the property exceeds that value, the case is typically certified to the court of common pleas instead.[21]

The bill additionally increases the amount of time that an insurance company has to file the civil action from 30 days to 45 days after receiving the bill for services from the towing service or storage facility. The bill then prohibits a towing service or storage facility from adding additional storage or similar fees to a disputed bill after the insurance company files the civil action.[22]

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[18] R.C. 1345.02(I) and 1345.82(H); R.C. 1345.01, 1345.07, and 1345.09, not in the bill.

[19] R.C. 4513.70(A) and (D)(1).

[20] R.C. 4513.70(A)(2).

[21] R.C. 1901.17 and 1907.03, not in the bill.

[22] R.C. 4513.70(A)(2) and (3).

Finally, under current law, if an insurance company seeks recovery of the towed vehicle and pays the portion of the towing/storage bill that is not in dispute, the towing service or storage facility is required to release the vehicle to its owner within two business days. The disputed portion of the bill is then handled by the court and after the court's determination, the insurance company pays whatever amount is still due, if any. Current law authorizes a court to penalize a towing service or storage facility with a fine of up to $100 per day if the vehicle is not released to the owner. The bill makes that fine mandatory instead of discretionary "for purposes of encouraging the quick return of the vehicle to its owner." Additionally, the bill specifies that the two-business-day timeframe is triggered by either the towing service or storage facility receiving service of the complaint, as under current law, or from written notice from the insurance company, as added by the bill.[23]

Unaffiliated insurance agents

The bill establishes a license for unaffiliated insurance agents. A license unaffiliated insurance agent may sell, solicit, or negotiate variable life and variable annuity products without a line of authority. Current law generally prohibits a person from selling, soliciting, or negotiating insurance in Ohio without a line of authority.

The bill specifies that any person licensed as an unaffiliated insurance agent who solicits an application for insurance upon the life of another person without a line of authority is considered an agent of the insured.

"Unaffiliated insurance agent" is defined by the bill as a person licensed by the Superintendent as described above. Further, the definition of "insurance agent" under the Insurance Producers Licensing Act is expanded to include unaffiliated insurance agents.[24]

Issuing unaffiliated insurance agent license

The bill requires the Superintendent of Insurance to issue an unaffiliated insurance agent license to an individual whose home state is Ohio upon submission of a completed application and payment of any applicable fee required under the Insurance Producers Licensing Act if the Superintendent finds all of the following:

- The applicant is self-appointed.
- The applicant practices as an independent consultant for a fee established in advance by written contract in the business of any of the following: (1) analyzing or abstracting insurance policies, (2) providing insurance advice or counseling, and (3) making specific recommendations or comparisons of insurance products.
- The applicant is not affiliated with an insurer, an insurer-appointed agent, or an insurance agency contracted with or employing insurer-appointed insurance agents.

[23] R.C. 4513.70(B).

[24] R.C. 3905.01(F) and (Y), 3905.06(C), 3905.0612, and 3911.22; R.C. 3905.02, not in the bill.

- The applicant is an "investment advisor" as defined in the Securities Law registered in Ohio or under the federal Investment Advisors Act of 1940. "Investment advisor" is defined as any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of regular business, issues or promulgates analyses or reports concerning securities. "Investment advisor" excludes various persons and entities, such as, for example, a bank holding company that is not an investment company.
- The applicant has passed the series 65 examination administered by the Financial Industry Regulatory Authority or an equivalent examination approved by the Superintendent.
- The applicant meets all requirements for the Superintendent to issue a Resident Insurance Agent License under the Insurance Producers Licensing Act. Continuing law requirements for the Superintendent to issue a Resident Insurance Agent License include, for example, that the applicant is at least 18 years of age and that the applicant has not committed any act that is a ground for the denial, suspension, or revocation of an insurance license.[25]

Insurance company investment law changes

Current law specifies allowable investments for insurance companies organized in Ohio. These investment laws are divided between allowable investments for domestic life insurance companies and allowable investments for domestic insurance companies other than life. The bill makes similar changes to the allowable investments for both of these categories of companies (collectively referred to in this analysis as "insurance companies"), which are described below.

Assets "designated" by Securities Valuation Office

Existing insurance company investment law refers to assets or investments that are "rated" a certain category by the NAIC's Securities Valuation Office (SVO). The bill changes references to assets or investments "rated" by SVO to instead refer to such assets or investments "designated" by SVO.[26]

Investments in domestic and certain foreign companies

Current law allows insurances companies to invest in evidence of indebtedness of a solvent business entity existing under the laws of the United States, a U.S. state, Puerto Rico, Canada, or a Canadian province (or the District of Columbia for domestic insurance companies other than life) if certain conditions are met. For example, one of the current law conditions is if the evidence of indebtedness of such business entities are rated 1 or 2 by SVO.

The bill maintains the existing conditions (other than as described in "**Assets 'designated' by Securities Valuation Office**" above) allowing insurance companies to

[25] R.C. 3905.06(A)(1), 3905.0612; R.C. 1707.01, not in the bill.

[26] R.C. 3906.01, 3906.08, 3907.14, and 3925.08.

invest in such corporate instruments, but adds that such investment may also occur if the bonds, notes, debentures, or other evidences of indebtedness of such corporation, trust, partnership, or similar business entity are designated 3, 4, 5, or 6 by SVO, subject to the following limits:

- The aggregate of all such bonds, notes, debentures, or other evidences of indebtedness that are designated 3, 4, 5, and 6 does not exceed 20% of the insurer's admitted assets;
- The aggregate of all such bonds, notes, debentures, or other evidences of indebtedness that are designated 4, 5, and 6 does not exceed 10% of the insurer's admitted assets;
- The aggregate of all such bonds, notes, debentures, or other evidences of indebtedness that are designated 5 and 6 does not exceed 3% of the insurer's admitted assets;
- The aggregate of all such bonds, notes, debentures, or other evidences of indebtedness that are designated 6 does not exceed 1% of the insurer's admitted assets;
- The aggregate amount of all such bonds, notes, debentures, or other evidences of indebtedness that are designated 3, 4, 5, and 6 that receive as cash income less than the yield for treasury issues with a comparative average life is not more than 1% of an insurer's admitted assets.[27]

Investments in foreign companies generally

Continuing law permits insurance companies invest in various instruments and assets issued by foreign companies, including, for example, bonds, notes, debentures, or other evidences of indebtedness issued, assumed, or guaranteed by a solvent corporation, trust, or partnership formed or existing under the laws of a foreign jurisdiction, provided each such foreign investment is of the same kind and quality as United States investments authorized under existing Ohio law governing foreign investment limits for insurance companies. But, that law limits insurance company foreign investment amounts, including investments denominated in foreign currency.

The bill raises the foreign investment amount limits by: (1) increasing the limit to a sum exceeding in the aggregate 20% of the insurer's admitted assets as of the preceding December 31st, rather than 15%, and (2) increasing the limit for the aggregate amount of investments held by an insurer in a single foreign jurisdiction to 7% of its admitted assets as of the preceding December 31, instead of 3%.[28]

Foreign currency investments

Continuing law allows insurance companies to acquire investments denominated in foreign currency (meaning currency other than that of the United States), whether or not they are foreign investments, subject to certain limits.

[27] R.C. 3907.14(P)(4) and 3925.08(D)(1).

[28] R.C. 3907.14(P)(7)(a) and 3925.08(H)(1).

Under the bill, the insurance company investments denominated in foreign currency are limited as follows:

- The investments cannot exceed a sum in the aggregate either: (1) 20% of the insurer's admitted assets as of the preceding December 31, provided the foreign currency is appropriately hedged, or (2) 10% of the insurer's admitted assets as of the preceding December 31, if not hedged.
- The investments denominated in a single foreign currency held by an insurer cannot exceed the aggregate of either: (1) 7% of the insurer's admitted assets as of the preceding December 31, provided the foreign currency is appropriately hedged, or (2) 3% of the insurer's admitted assets as of the preceding December 31, if not hedged.

Existing law imposes an aggregate foreign currency limit of 10% for domestic life insurance companies or 15% for domestic insurance companies other than life, and, for both categories of insurance companies, a single foreign currency limit of 3% of the insurer's admitted assets for both as of the preceding December 31, regardless of whether the admitted assets are appropriately hedged.[29]

Investments in securities not otherwise permitted

Continuing law allows for both of the following:

- Domestic life insurance companies to loan or invest its funds, to an extent not exceeding in the aggregate 5% of their total admitted assets, in loans or investments not otherwise permitted by law.
- Domestic insurance companies other than life to invest in any securities or other property not permitted by law to an extent not exceeding in the aggregate 6% of the total admitted assets of such company on the preceding December 31, subject to certain continuing percentage limits.

The bill increases the aggregate percentage of the total admitted assets of domestic life insurance companies and domestic life insurance companies other than life may invest as described above each to 10%.[30]

[29] R.C. 3907.14(P)(7)(b) and (c) and 3925.08(H)(2) and (3).

[30] R.C. 3907.14(R)(1) and 3925.08(I)(1).

HISTORY

Action	Date
Introduced	10-28-25
Reported, S. Financial Institutions, Insurance, and Technology	--

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