



## Ohio Revised Code

### Section 3903.12 Grounds for rehabilitation order.

Effective: March 7, 1983

Legislation: House Bill 830 - 114th General Assembly

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The superintendent of insurance may file a complaint in the court of common pleas for an order authorizing him to rehabilitate a domestic insurer or an alien insurer domiciled in this state on any one or more of the following grounds:

(A) The insurer is in such condition that the further transaction of business would be hazardous, financially, to its policyholders, creditors, or the public.

(B) There is reasonable cause to believe that there has been embezzlement from the insurer, wrongful sequestration or diversion of the insurer's assets, forgery, or fraud affecting the insurer, or other illegal conduct in, by, or with respect to the insurer that if established would endanger assets in an amount threatening the solvency of the insurer.

(C) The insurer has failed to remove any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, director, trustee, employee, or other person, if the person has been found after notice and hearing by the superintendent to be dishonest or untrustworthy in a way affecting the insurer's business.

(D) Control of the insurer, whether by stock ownership or otherwise, and whether direct or indirect, is in a person or persons found after notice and hearing to be untrustworthy.

(E) Any person who in fact has executive authority in the insurer, whether an officer, manager, general agent, director, trustee, employee, or other person, has refused to be examined under oath by the superintendent concerning its affairs, whether in this state or elsewhere, and after reasonable notice of the fact the insurer has failed promptly and effectively to terminate the employment and status of the person and all his influence on management.

(F) After demand by the superintendent under section 3901.07 or sections 3903.01 to 3903.59 of the Revised Code, the insurer has failed to promptly make available for examination any of its own



property, books, accounts, documents, or other records, or those of any subsidiary or related company within the control of the insurer, or those of any person having executive authority in the insurer so far as they pertain to the insurer.

(G) Without first obtaining the written consent of the superintendent, the insurer has transferred, or attempted to transfer, substantially its entire property or business, or has entered into any transaction the effect of which is to merge, consolidate, or reinsure substantially its entire property or business in or with the property or business of any other person.

(H) The insurer or its property has been or is the subject of an application for the appointment of a receiver, trustee, custodian, conservator or sequestrator, or similar fiduciary of the insurer or its property otherwise than as authorized under the insurance laws of this state, and such appointment has been made or is imminent, and such appointment might oust the courts of this state of jurisdiction or might prejudice orderly delinquency proceedings under sections 3903.01 to 3903.59 of the Revised Code.

(I) Within the previous four years the insurer has willfully violated its charter or articles of incorporation, its bylaws, any insurance law of this state, or any valid order of the superintendent under section 3903.09 of the Revised Code.

(J)(1) The insurer has failed to pay within sixty days after due date any obligation to any state or any subdivision of this state or any judgment entered in any state, if the court in which such judgment was entered had jurisdiction over the subject matter except that such nonpayment shall not be a ground until sixty days after any good faith effort by the insurer to contest the obligation has been terminated, whether it is before the superintendent or in the courts.

(2) The insurer has systematically attempted to compromise or renegotiate previously agreed settlements with its creditors on the ground that it is financially unable to pay its obligations in full.

(K) The insurer has failed to file its annual report or other financial report required by statute within the time allowed by law and, after written demand by the superintendent, has failed to give an adequate explanation immediately.



(L) The board of directors or the holders of a majority of the shares entitled to vote, or a majority of those individuals entitled to the control of those entities specified in section 3903.03 of the Revised Code request or consent to rehabilitation under sections 3903.01 to 3903.59 of the Revised Code.