Ohio Revised Code

Section 3906.05 Consideration of relevant factors.

Effective: September 4, 2014
Legislation: Senate Bill 140 - 130th General Assembly

(A) An insurer making investments under this chapter shall consider the factors listed in division (C) of this section along with its business in determining whether an investment portfolio or investment policy is prudent.

(B) The superintendent shall consider the factors listed in division (C) of this section prior to making a determination that an insurer's investment portfolio or investment policy is not prudent.

(C) Insurers and the superintendent shall consider the following factors according to divisions (A) and (B) of this section:

(1) General economic conditions;

(2) The possible effect of inflation or deflation;

(3) The expected tax consequences of investment decisions or strategies;

(4) The fairness and reasonableness of the terms of an investment considering its probable risk and reward characteristics and relationship to the investment portfolio as a whole;

(5) The extent of the diversification of the insurer's investments among all of the following:

(a) Individual investments;

(b) Classes of investments;

(c) Industry concentrations;

(d) Dates of maturity;

(e) Geographic areas.

(6) The quality and liquidity of investments in affiliates;

(7) The investment exposure to all of the following risks, quantified in a manner consistent with the insurer's acceptable risk level as described in the insurer's written investment policy, required under division (H) of section 3906.06 of the Revised Code:

(a) Liquidity;

(b) Credit and default;

(c) Systemic or market;

(d) Interest rate;

(e) Call, prepayment, and extension;

(f) Currency;

(g) Foreign sovereign.

(8) The amount of the insurer's assets, capital and surplus, premium writings, insurance in force, and other appropriate characteristics;

(9) The amount and adequacy of the insurer's reported liabilities;

(10) The relationship of the expected cash flows of the insurer's assets and liabilities, and the risk of adverse changes in the insurer's assets and liabilities;

(11) The adequacy of the insurer's capital and surplus to secure the risks and liabilities of the insurer;

(12) Any other factors relevant to whether an investment is prudent.