



Ohio Revised Code

Section 3906.08 Determination of minimum asset requirement.

Effective: September 4, 2014

Legislation: Senate Bill 140 - 130th General Assembly

(A) For the purposes of determining an insurer's minimum asset requirement under section 3906.11 of the Revised Code, the following limitations on classes of investments shall apply:

(1) For investments authorized by division (B) of section 3906.07 of the Revised Code and investments authorized by division (G) of section 3906.07 of the Revised Code that are of the types described in division (B) of section 3906.07 of the Revised Code the following limitations shall apply:

(a) The aggregate amount of medium- and lower-grade investments shall be not more than twenty per cent of an insurer's admitted assets.

(b) The aggregate amount of lower-grade investments shall be not more than ten per cent of an insurer's admitted assets.

(c) The aggregate amount of investments rated 5 or 6 by the securities valuation office shall be not more than five per cent of the insurer's admitted assets.

(d) The aggregate amount of investments rated 6 by the securities valuation office shall be not more than one per cent of an insurer's admitted assets.

(e) The aggregate amount of medium- and lower-grade investments that receive as cash income less than the yield for treasury issues with a comparative average life shall be not more than one per cent of an insurer's admitted assets.

(2) Investments authorized by division (C) of section 3906.07 of the Revised Code shall be not more than forty-five per cent of an insurer's admitted assets in the case of life insurers and not more than twenty-five per cent of an insurer's admitted assets in the case of insurers that are not life insurers.



(3) Investments authorized by division (D) of section 3906.07 of the Revised Code shall be not more than twenty per cent of an insurer's admitted assets in the case of life insurers and not more than twenty-five per cent of an insurer's admitted assets in the case of insurers that are not life insurers.

(4) Investments authorized by division (E) of section 3906.07 of the Revised Code shall be not more than ten per cent of an insurer's admitted assets.

(5) Investments authorized by division (F) of section 3906.07 of the Revised Code shall be not more than ten per cent of an insurer's admitted assets.

(6) Investments authorized by division (G) of section 3906.07 of the Revised Code shall be not more than twenty per cent of an insurer's admitted assets.

(7) Investments authorized by division (H) of section 3906.07 of the Revised Code shall be not more than two per cent of an insurer's admitted assets.

(8) Investments authorized by division (J) of section 3906.07 of the Revised Code shall be not more than ten per cent of an insurer's admitted assets in the case of life insurers and not more than three per cent of an insurer's admitted assets in the case of insurers that are not life insurers. An insurer may exceed the limits described in division (A)(8) of this section with investments in a wholly owned domestic insurer, or in a corporation, or similar business entity organized under the laws of the United States, any state thereof, or any other jurisdiction approved by the superintendent, that is formed and maintained to acquire or hold shares of an insurer, with the prior written consent of the superintendent.

(B)(1) For purposes of determining compliance with section 3906.11 of the Revised Code, securities issued by a single entity and its affiliates, other than the government of the United States, or agencies whose securities are backed by the full faith and credit of the United States, and subsidiaries authorized under division (J) of section 3906.07 of the Revised Code, shall be not more than five per cent of an insurer's admitted assets in the case of life insurers and shall be not more than five per cent of an insurer's admitted assets in the case of insurers that are non-life insurers.

(2) Notwithstanding division (B)(1) of this section, investments in the voting securities of a



depository institution, or any company that controls a depository institution, shall not exceed five per cent of an insurer's admitted assets.

(C) For purposes of determining compliance with this section, the admitted portion of assets of subsidiaries of an insurer invested in under division (J) of section 3906.07 of the Revised Code shall be deemed to be owned directly by the insurer and any other investors in proportion to the market value of their interest in the subsidiaries. If interest in the subsidiary has no market value, then the asset allocation proportion shall be determined by the reasonable value of interest in the subsidiary as determined under the national association of insurance commissioners' accounting practices and procedures manual.

(D) If the superintendent considers it necessary to get a proper evaluation of the investment portfolio of an insurer, the superintendent may require that investments in mutual funds, exchange traded funds, pooled investment vehicles, or other investment companies be treated for purposes of this chapter as if the investor owned directly its proportional share of the assets owned by the mutual fund, exchange traded fund, pooled investment vehicle, or investment company.

(E) Unless otherwise specified in this chapter, an insurer's investment limitations shall be computed using the insurer's general account admitted assets, capital, or surplus as reported in the insurer's most recent annual financial statement required to be filed with the superintendent.