Ohio Revised Code

Section 3956.01 Life and health insurance guaranty association definitions.

Effective: September 13, 2022
Legislation: Senate Bill 273

As used in this chapter:

(A) "Account" means either of the two accounts created under section 3956.06 of the Revised Code.

(B) "Authorized assessment," or "authorized," in the context of assessments, means a resolution by the board of directors has been passed whereby an assessment will be called immediately or in the future from member insurers for a specified amount. An assessment is authorized when the resolution is passed.

(C) "Called assessment," or "called," in the context of assessments, means that a notice has been issued by the association to member insurers requiring that an authorized assessment be paid within the time frame set forth in the notice. An authorized assessment becomes a called assessment when notice is mailed, including by electronic means, by the association to member insurers.

(D) "Contractual obligation" means any obligation under a policy, contract, or certificate under a group policy or contract, or portion of the policy or contract, for which coverage is provided under section 3956.04 of the Revised Code.

(E) "Covered policy or contract" means any policy, contract, or group certificate within the scope of section 3956.04 of the Revised Code.

(F) "Health benefit plan" means any hospital or medical expense policy or certificate, or health insuring corporation subscriber policy, contract, certificate, or agreement, or any other similar health or sickness and accident insurance policy or contract. "Health benefit plan" does not include:

(1) Accident only insurance;

(2) Credit insurance;

(3) Dental only insurance;

(4) Vision only insurance;

(5) Medicare supplement insurance;

(6) Benefits for long-term care, home health care, community-based care, or any combination thereof;

(7) Disability income insurance;

(8) Coverage for on-site medical clinics;

(9) Specified disease, hospital confinement indemnity, or limited benefit health insurance if the types of coverage do not provide coordination of benefits and are provided under separate policies or certificates.

(G) "Impaired insurer" means a member insurer that, after November 20, 1989, is not an insolvent insurer and is placed under an order of rehabilitation or conservation by a court of competent jurisdiction.

(H) "Insolvent insurer" means a member insurer that, after November 20, 1989, is placed under an order of liquidation by a court of competent jurisdiction with a finding of insolvency.

(I)(1) "Member insurer" means any insurer or health insuring corporation that holds a certificate of authority or is licensed to transact in this state any kind of insurance or health insuring corporation business for which coverage is provided under section 3956.04 of the Revised Code, and includes any insurer or health insuring corporation whose certificate of authority or license in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn after November 20, 1989.

(2) "Member insurer" does not include any of the following:

(a) A fraternal benefit society;

(b) A self-insurance or joint self-insurance pool or plan of the state or any political subdivision of the state;

(c) A mutual protective association;

(d) An insurance exchange;

(e) Any person who qualifies as a "member insurer" under section 3955.01 of the Revised Code and who does not receive premiums on covered policies or contracts;

(f) Any entity similar to any of those described in divisions (I)(2)(a) to (e) of this section.

(3) "Member insurer" includes any insurer or health insuring corporation that operates any of the entities described in division (I)(2) of this section as a line of business, and not as a separate, affiliated legal entity, and otherwise qualifies as a member insurer.

(J) "Owner of a policy or contract," "policyholder," "policy owner," "contract owner," and "contract holder" mean the person who is identified as the legal owner under the terms of the policy or contract or who is otherwise vested with legal title to the policy or contract through a valid assignment completed in accordance with the terms of the policy or contract and properly recorded as the owner on the books of the member insurer. "Owner of a policy or contract," "policyholder," "policy owner," "contract owner," and "contract holder" do not include persons with a mere beneficial interest in a policy or contract.

(K) "Premiums" means amounts received on covered policies or contracts, less premiums, considerations, and deposits returned on the policies or contracts, and less dividends and experience credits on the policies and contracts. "Premiums" does not include any of the following:

(1) Any amounts in excess of five million dollars received on any unallocated annuity contract not issued under a governmental retirement plan established under Section 401, 403(b), or 457 of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended;

(2) Any amounts received for any policies or contracts or for the portions of any policies or contracts for which coverage is not provided under section 3956.04 of the Revised Code, except that assessable premium shall not be reduced on account of division (C)(2)(c) of section 3956.04 of the Revised Code relating to interest limitations or division (D)(2) of section 3956.04 of the Revised Code relating to limitations with respect to one individual, one participant, and one policy or contract owner;

(3) With respect to multiple nongroup policies of life insurance owned by one owner, whether the policy or contract owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees, or other persons, premiums in excess of five million dollars with respect to these policies or contracts, regardless of the number of policies or contracts held by the owner.

(L) "Resident" means any person who resides in this state at the time a member insurer is determined to be an impaired or insolvent insurer and to whom a contractual obligation is owed. A person may be a resident of only one state, which, in the case of a person other than a natural person, shall be its principal place of business. Citizens of the United States who are either residents of a foreign country or residents of a United States possession, territory, or protectorate that does not have an association similar to the association created by this chapter shall be considered residents of the state of domicile of the insurer that issued the policy or contract.

(M) "Structured settlement annuity" means an annuity purchased in order to fund periodic payments for a plaintiff or other claimant in payment for or with respect to personal injury suffered by the plaintiff or other claimant.

(N) "Subaccount" means any of the three subaccounts created under division (A) of section 3956.06 of the Revised Code.

(O) "Supplemental contract" means any agreement entered into for the distribution of policy or contract proceeds.

(P) "Unallocated annuity contract" means any annuity contract or group annuity certificate that is not

issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by an insurer under that contract or certificate.