



## Ohio Administrative Code Rule 1301:8-11-06 Surety bond.

Effective: September 1, 2009

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(A) Each applicant for a short-term loan license shall obtain and each licensee shall continuously maintain a corporate surety bond that conforms to the requirements set forth in division (D) of section 1321.37 of the Revised Code and complies with the following:

(1) The surety bond shall be in a format prescribed by the division.

(2) The surety bond must be issued in the name of the applicant or licensee, and shall state the main office of the applicant or licensee. If the applicant or licensee uses a trade or alternative business name, the trade or alternative name(s) shall be included on the bond.

(3) A bond may be issued for a period of more than one license period, as long as the coverage is continuous and does not expire until the end of a license period.

(B) Surety bonds required as a condition for a license under section 1321.37 of the Revised Code shall be continuously maintained. Should a lapse in coverage occur, in compliance with division (D) of section 1321.37 of the Revised Code, the licensee shall cease all short-term lending activity broker activity governed by sections 1321.35 to 1321.48 of the Revised Code until the licensee can present to the superintendent of the division of financial institutions evidence that the licensee has obtained a proper surety bond which extends through the duration of the licensure period. A licensee that experiences a lapse in or break in coverage of its surety bond shall present evidence which satisfies the superintendent that the licensee conducted no short-term loans or lending activities during the period in question. Failure to obtain a surety bond that complies with section 1321.37 of the Revised Code and the provisions of this rule within sixty days of the first date of a lapse in coverage, or engaging in any short-term lending activity governed by sections 1321.35 to 1321.48 of the Revised Code without a proper bond in place, is grounds for revocation of a short-term lender's license.

(C) Whenever the penal sum of the surety bond is reduced for any reason, in compliance with division (D) of section 1321.37 of the Revised Code, the licensee shall cease all short-term lending



activity governed by sections 1321.35 to 1321.48 of the Revised Code until the licensee can restore the bond to the full required value. Failure to obtain a surety bond that complies with section 1321.37 of the Revised Code and the provisions of this rule within sixty days of the first date the penal sum of the bond was reduced, or engaging in any short-term lending activity governed by sections 1321.35 to 1321.48 of the Revised Code without a proper bond in place, is grounds for revocation of a short term lender license.

(D) The liability of the corporate surety on the bond to the superintendent and to any borrower injured by a violation of any provision of sections 1321.35 to 1321.48 of the Revised Code shall not be affected in any way by any misrepresentation, breach of warranty, or failure to pay the premium, by any act or omission upon the part of the licensee, by the insolvency or bankruptcy of the licensee, or by the insolvency of the licensee's estate. The liability for any act or omission that occurs during the term of the corporate surety bond shall be maintained and in effect for at least two years after the date on which the corporate surety bond is terminated or canceled.

(E) The corporate surety bond shall not be canceled by the licensee or the corporate surety except upon notice to the superintendent by certified mail, return receipt requested. The cancellation shall not be effective prior to thirty days after the superintendent receives the notice.