



Ohio Revised Code

Section 4727.20 Maintaining liquid assets or surety bond - notice of action against licensee.

Effective: April 5, 2001

Legislation: House Bill 467 - 123rd General Assembly

(A) No person licensed as a pawnbroker under this chapter shall conduct business in this state, unless the licensee does either of the following:

(1) Maintains liquid assets in a minimum amount of fifty thousand dollars;

(2) Obtains a surety bond issued by a bonding company or insurance company authorized to do business in this state. The bond shall be in favor of the superintendent of financial institutions and in the penal sum of at least twenty-five thousand dollars. The licensee shall file a copy of the bond with the superintendent. The bond shall be for the exclusive benefit of any person injured by a licensee's violation of this chapter. The aggregate liability of the surety for any and all breaches of the conditions of the bond shall not exceed the penal sum of the bond.

(B) The licensee shall give notice to the superintendent by certified mail, return receipt requested, of any action that is brought against the licensee and of any judgment that is entered against the licensee by a person injured by a violation of this chapter. The notice shall provide details sufficient to identify the action or judgment and shall be filed with the superintendent within ten days after the commencement of the action or notice to the licensee of entry of a judgment. The surety, within ten days after it pays any claim or judgment, shall give notice to the superintendent by certified mail, return receipt requested, of the payment, with details sufficient to identify the person and the claim or judgment paid.

(C) Whenever the penal sum of the surety bond is reduced by one or more recoveries or payments, the licensee shall furnish a new or additional bond under this section, so that the total or aggregate penal sum of the bond or bonds equals the sum required by this section, or shall furnish an endorsement executed by the surety reinstating the bond to the required penal sum of the bond.

(D) The liability of the surety on the bond to the superintendent and to any person injured by a



violation of this chapter is not 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 surety bond shall be maintained and in effect for at least two years after the date on which the surety bond is terminated or canceled.

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

(F) No licensee shall fail to comply with this section.