



Ohio Revised Code

Section 1739.20 Prohibited acts.

Effective: September 29, 2015

Legislation: House Bill 64 - 131st General Assembly

(A) No multiple employer welfare arrangement operating a group self-insurance program shall do any of the following:

(1) Refuse, without just cause, to pay proper claims arising under coverage provided by the arrangement;

(2) Compel, without just cause, employee claimants of members or other persons entitled to the proceeds of the coverage to accept less than the amount due them;

(3) Compel, without just cause, employee claimants of members or other persons entitled to the proceeds of the coverage to bring an action against the arrangement to secure full payment or settlement thereof;

(4) Enroll a member into the group self-insurance program until the arrangement has provided to the member written notification stating that the member may be required to make additional payments in the event the program has insufficient funds to cover its liabilities. The arrangement shall maintain a copy of the notification in its program files to evidence compliance with this requirement.

(B) No officer, director, trustee, third-party administrator, member of any board or committee, or employee of a multiple employer welfare arrangement operating a group self-insurance program who is charged with the duty of investing or handling the arrangement's assets shall do any of the following:

(1) Deposit or invest the assets except in the name of the arrangement;

(2) Borrow the assets of the arrangement;

(3) Have a pecuniary interest in any loan, pledge of deposit, security, investment, sale, purchase,



exchange, reinsurance, or other similar transaction or property of the arrangement;

(4) Take or receive for personal use any fee, brokerage, commission, gift, or other consideration for, or use any fee, brokerage, commission, gift, or other consideration for, or on account of any transaction made by or on behalf of the arrangement. Division (B)(4) of this section does not prevent either of the following:

(a) The reimbursement of a third-party administrator for administrative services related to the adjustment and settlement of claims pursuant to a contract with an arrangement;

(b) The payment of reasonable compensation to a corporation or firm, which is affiliated with any of the groups listed in division (A) of section 1739.02 of the Revised Code that establishes, maintains, or operates the arrangement, for necessary services performed or sales or purchases made to or for the arrangement in the ordinary course of the arrangement's business.

(C) No multiple employer welfare arrangement operating a group self-insurance program shall guarantee any financial obligation of any of its officers, directors, trustees, board or committee members, or third-party administrators.

(D) This section does not prohibit a trustee, officer, director, member of a board or committee, or employee of a multiple employer welfare arrangement operating a group self-insurance program from being covered by the arrangement as a member or an employee of a member.

(E) The superintendent of insurance may allow, by rule, exceptions to division (B) of this section to allow the payment of reasonable compensation to a trustee or third-party administrator who is not an officer or employee of the multiple employer welfare arrangement operating a group self-insurance program or to a corporation or firm with which a trustee or third-party administrator is affiliated, for necessary services performed or sales or purchases made to or for the arrangement in the ordinary course of the arrangement's business and in the usual, private, professional or business capacity of the trustee, third-party administrator, corporation, or firm.