



Ohio Revised Code

Section 3901.63 Credit for reinsurance ceded as reduction of liability.

Effective: September 4, 2014

Legislation: Senate Bill 140 - 130th General Assembly

(A) If section 3901.62 of the Revised Code does not apply to the reinsurance ceded to an assuming insurer by a domestic ceding insurer that is authorized to do any insurance business in this state, the ceding insurer may take credit for the reinsurance ceded as a reduction of liability in an amount not exceeding the liabilities carried by the ceding insurer, if the ceding insurer complies with section 3901.64 of the Revised Code, and if funds are held directly by the ceding insurer or in trust on behalf of the ceding insurer, in accordance with this section, as security for the payment of obligations under the reinsurance contract with the assuming insurer.

(B)(1) If the funds are held directly by the ceding insurer under division (A) of this section, the funds shall be held in the United States and shall be under the exclusive control of, and subject to withdrawal solely by, the ceding insurer. If the funds are held in trust on behalf of the ceding insurer under division (A) of this section, the funds shall be held in the United States in a qualified United States financial institution.

(2) For the purposes of division (B)(1) of this section, a "United States financial institution" is qualified if both of the following apply:

(a) The institution is organized under or, in the case of a United States branch or agency office of a foreign banking organization, is chartered under the laws of the United States or any state thereof and has been granted authority to operate with fiduciary powers.

(b) The institution is regulated, supervised, and examined by federal or state officials that have regulatory authority over banks and trust companies.

(C) The funds held directly by the ceding insurer or in trust on behalf of the ceding insurer shall be in any of the following forms:

(1) Cash;



- (2) Securities that are listed by the securities valuation office of the national association of insurance commissioners, including those considered exempt from filing as defined by the purposes and procedures manual of the securities valuation office, and that qualify as admitted assets;
- (3) Irrevocable, unconditional, and automatically renewable letters of credit that are issued or confirmed by a qualified United States financial institution. For purposes of division (C)(3) of this section, a United States financial institution is qualified if all of the following apply:
- (a) It is organized under or, in the case of a United States branch or agency office of a foreign banking organization, is chartered under the laws of the United States or any state thereof.
- (b) It is regulated, supervised, and examined by federal or state officials that have regulatory authority over banks and trust companies.
- (c) The superintendent of insurance or the securities valuation office of the national association of insurance commissioners has determined that it meets such standards of financial condition and standing as are considered necessary and appropriate for purposes of ensuring that its letters of credit will be of a quality that is acceptable to the superintendent.
- (4) Any other form of security the superintendent determines to be acceptable.
- (D) Notwithstanding any subsequent failure of an issuing or confirming financial institution to meet the standards of issuer acceptability set forth in division (C)(3) of this section, a letter of credit issued or confirmed by a financial institution that meets those standards on the date of the issuance or confirmation shall continue to be acceptable as security until its expiration, extension, renewal, modification, or amendment, whichever occurs first.