



Ohio Revised Code

Section 3906.04 Rights of insurer.

Effective: September 4, 2014

Legislation: Senate Bill 140 - 130th General Assembly

(A) Subject to this chapter, an insurer making investments under this chapter may loan or invest its funds, and may buy, sell, hold title to, possess, occupy, pledge, convey, manage, protect, insure, and deal with its investments, property, and other assets to the same extent as any other person or corporation under the laws of this state and of the United States.

(B) With respect to all of the insurer's investments, the board of directors of an insurer making investments under this chapter shall exercise the judgment and care, under the circumstances then prevailing, that persons of reasonable prudence, discretion, and intelligence would exercise in the management of a like enterprise, not in regard to speculating but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Investments shall be of sufficient value, liquidity, and diversity to assure the insurer's ability to meet its outstanding obligations based on reasonable assumptions as to new business production for current lines of business. As part of its exercise of judgment and care, the board of directors shall take into account the prudence evaluation criteria of division (C) of section 3906.05 of the Revised Code. The exercise of judgment and care by the board of directors under this section shall also be governed by sections 1701.59 and 1702.30 of the Revised Code, as applicable.

(C) An insurer making investments under this chapter shall establish and implement internal controls and procedures to assure compliance with investment policies and procedures to assure that all of the following are met:

- (1) The insurer's investment staff and any consultants used are reputable and capable.
- (2) A periodic evaluation and monitoring process occurs for assessing the effectiveness of investment policy and strategies.
- (3) Management's performance is assessed in meeting the stated objectives within the investment policy through periodic presentations to the board of directors.



(4) Appropriate analyses are undertaken on the degree to which asset cash flows are adequate to meet liability cash flows under different economic environments. These analyses shall be conducted at least annually and make specific reference to the economic conditions considered.