

Ohio Revised Code

Section 3907.05 Escrowing amount for paid-in capital and contributed surplus.

Effective: September 25, 1981

Legislation: House Bill 265 - 114th General Assembly

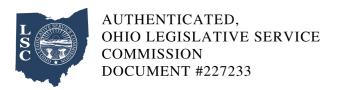
(A)(1) No company shall be incorporated under sections 3907.01 to 3907.21 of the Revised Code, on or after January 1, 1982, until the superintendent of insurance has certified to the secretary of state that a sum has been escrowed with a bank or trust company by the incorporators under their plan of incorporation sufficient to meet a minimum of one hundred thousand dollars paid-in capital and one hundred fifty thousand dollars contributed surplus. The cost of registration, printing, promotion, and all other expenses incident to an offer of securities shall be paid from this initial escrow account. The superintendent may waive the requirement of this initial escrow account if registration by qualification or coordination of the securities to be offered is not required under Chapter 1707. of the Revised Code.

Upon organization, filing of policies, and evidence that the officers of the company are experienced in insurance company management, the superintendent shall issue a certificate of authority conditioned upon the company obtaining, before commencing the business of insurance, capital and surplus in the aggregate amount of not less than two million five hundred thousand dollars which aggregate shall include paid-in capital of not less than one million dollars and contributed surplus of not less than one million dollars.

(2) The company shall establish for the benefit of stockholders a second escrow account with a bank or trust company into which shall be deposited all proceeds of any offer of its securities necessary to equal or exceed, when combined with the initial escrow account, if any, the capital and surplus with which such company was authorized to begin business.

Upon receipt of evidence that the combined net deposits of both escrow accounts equal or exceed the capital and surplus with which such company was authorized to begin business, the superintendent of insurance shall order the escrowed funds released to the company which may then commence the business of insurance.

(B) Before the company proceeds to do business, the whole capital shall be paid in and invested in



treasury notes, in stocks or bonds of the United States or of this state or of any municipal corporation or county in this state, in bonds or notes secured by mortgages on unencumbered fee simple real estate within this state provided the amount loaned does not exceed eighty per cent of the actual market value of such realty, in any bonds issued by or for federal land banks and any debentures issued by or for federal intermediate credit banks under the act of congress known as the "Federal Farm Loan Act of 1916," 39 Stat. 360, 12 U.S.C.A. 641, as amended, or in any debentures issued by or for banks for cooperatives under the act of congress known as the "Farm Credit Act of 1933," 48 Stat. 257, 12 U.S.C.A. 131, as amended. At no time shall more than one-half of its paid-in capital be invested in bonds or notes secured by mortgages on unencumbered real estate or more than ten per cent of its paid-in capital be invested in any one mortgage.

If the amount loaned through mortgages on unencumbered realty exceeds eighty per cent of the actual market value of the land mortgaged, exclusive of structures thereon, such structures shall be insured in an authorized fire insurance company in any amount not less than the difference between eighty per cent of the actual market value of such land exclusive of the structures, and the amount that is loaned, and the policy shall be assigned to the mortgagee.