



Ohio Revised Code

Section 3930.03 Commercial insurance joint underwriting association - board of governors - plan of operation.

Effective: January 5, 1988

Legislation: House Bill 1 - 117th General Assembly

(A) The Ohio commercial insurance joint underwriting association is hereby created, consisting of all insurers authorized to write and engaged in writing within the state, on a direct basis, commercial insurance, including the liability component of commercial multi-peril insurance. Every such insurer shall be a member of the association and shall remain a member as a condition of its authority to continue to transact such kind of business in this state, notwithstanding other prohibitions or authorizations provided in the Revised Code, nor shall participation in the association by any insurer required to participate in such association constitute the writing of a line of insurance otherwise prohibited by the laws of this state.

The association shall be administered by a board of governors. It shall be activated for a particular class of insurance only by rule of the superintendent of insurance adopted pursuant to Chapter 119. of the Revised Code upon a finding by the superintendent that both of the following circumstances exist for that particular class of insurance:

- (1) A substantial number of eligible requests for assistance for that particular class of insurance have not been placed by the Ohio commercial insurance market assistance plan and they are insurable risks;
- (2) The lack of commercial insurance for that class of insurance threatens the continued operation of entities in this state and such condition will be detrimental to the general welfare of the citizens of this state.

(B) The board of governors of the association shall consist of eleven members appointed by the superintendent of insurance, eight of whom shall be selected from the members of the joint underwriting association. Five members shall be selected from commercial insurers domiciled in this state. Three members shall be selected from commercial insurers domiciled outside this state. One member shall be an insurance agent licensed and writing commercial insurance in this state. Two



members shall be commercial insurance policyholders and shall not have any relationship with an insurance company or an insurance agent except as a purchaser of commercial insurance. Such governors shall serve a term of one year. The members of the board shall serve without compensation, but shall be reimbursed for their actual and necessary expenses incurred in the discharge of their official duties.

(C) There shall be a plan of operation promulgated under division (D) of this section. Pursuant to sections 3930.01 to 3930.18 of the Revised Code and the plan of operation with respect to commercial insurance promulgated under division (D) of this section, the association may:

- (1) Issue or cause to be issued policies of insurance to applicants unable to obtain commercial insurance in the voluntary market, including incidental coverages and subject to limits as specified in the plan of operation;
- (2) Underwrite such insurance and adjust and pay losses with respect thereto, or appoint service companies or syndicates to perform those functions;
- (3) Assume reinsurance from its members;
- (4) Cede reinsurance.

(D)(1) Within forty-five days following the creation of the association, the board of governors of the association shall submit to the superintendent of insurance, for his review, a proposed plan of operation, consistent with sections 3930.01 to 3930.18 of the Revised Code. If the superintendent does not adopt such plan within thirty days of such submission, he shall resubmit the plan to the board with written reasons consistent with this chapter for the rejection. The board shall, within fifteen days, submit for approval an appropriately revised plan of operation and if the board of governors fails to do so, or if the revised plan submitted is unacceptable, the superintendent shall adopt a plan of operation. The superintendent shall adopt any plan by a rule under Chapter 119. of the Revised Code.

(2) The plan of operation shall provide for economic, fair, and nondiscriminatory administration and for the prompt and efficient provision of any class of commercial insurance that cannot be obtained



in the voluntary market, and shall contain other provisions including, but not limited to, preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, administrative expenses, establishment of reasonable and objective underwriting standards, acceptance and cession of reinsurance, and the appointment of servicing carriers or the direct issuance of syndicate policies.

(3) Amendments to the plan of operation may be made by the board of governors of the association, subject to the approval of the superintendent. The superintendent may also recommend amendments to the plan of operation. Upon adoption by the board and approval by the superintendent, the superintendent shall then amend the rule establishing the plan of operation pursuant to Chapter 119. of the Revised Code.

(4) The board of governors may employ, compensate, and prescribe the duties and powers of such employees and consultants as are necessary to carry out the purposes of sections 3930.01 to 3930.18 of the Revised Code.

(E) Upon application of an insurer, the superintendent may waive its participation in the plan if the superintendent determines that such participation would threaten the solvency of that insurer.