



## Ohio Revised Code

### Section 3901.341 Prior review of proposed transactions.

Effective: September 4, 2014

Legislation: Senate Bill 140 - 130th General Assembly

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(A) No insurer subject to registration under section 3901.33 of the Revised Code shall enter into any of the following transactions with any person in its insurance holding company system, including amendments or modifications of affiliate agreements previously filed under this section that are subject to the materiality standards contained in divisions (A)(1) to (5) of this section, until thirty days after the superintendent of insurance has received, for the superintendent's review, written notice of the insurer's intention to enter into the transaction and if, during that period, the superintendent has not disapproved the proposed transaction. The notice for amendments or modifications shall include the reasons for the change and the financial impact on the domestic insurer. Informal notice shall be reported to the superintendent within thirty days after termination of a previously filed agreement. These requirements shall apply to all of the following transactions:

(1) Any sale, purchase, exchange of assets, loan, extension of credit, guarantee, or investment, if the transaction equals or exceeds, with respect to insurers other than life insurers, the lesser of three per cent of the insurer's admitted assets as of the thirty-first day of December next preceding or twenty-five per cent of the insurer's surplus as regards policyholders as of the thirty-first day of December next preceding or, with respect to life insurers, three per cent of the insurer's admitted assets as of the thirty-first day of December next preceding;

(2) Any loan or extension of credit to any person that is not an affiliate of the insurer, if both of the following apply:

(a) The loan or extension of credit equals or exceeds, with respect to insurers other than life insurers, the lesser of three per cent of the insurer's admitted assets as of the thirty-first day of December next preceding or twenty-five per cent of the insurer's surplus as regards policyholders as of the thirty-first day of December next preceding or, with respect to life insurers, three per cent of the insurer's admitted assets as of the thirty-first day of December next preceding.

(b) The insurer makes the loan or extends the credit with an agreement or understanding that the



proceeds of the transaction, in whole or in substantial part, are to be used to make loans or extend credit to, to purchase assets of, or to make investments in, any affiliate of the insurer.

(3) Reinsurance agreements or modifications including all of the following:

(a) All new reinsurance pooling agreements;

(b) All reinsurance pooling agreements in which a domestic company is newly added;

(c) Agreements in which the reinsurance premium or the change in the insurer's liabilities, or the projected reinsurance premium or a change in the insurer's liabilities in any of the next three years, equals or exceeds five per cent of the insurer's surplus as regards policyholders as of the thirty-first day of December next preceding.

Division (A)(3) of this section also applies to reinsurance agreements that may require as consideration the transfer of assets from an insurer to a nonaffiliate, if the insurer and nonaffiliate have an agreement or understanding that any portion of the assets will be transferred to one or more affiliates of the insurer.

(4) All management agreements, service contracts, tax allocations agreements, and cost-sharing arrangements;

(5) Any other material transaction that the superintendent, pursuant to rules adopted in accordance with Chapter 119. of the Revised Code, determines may render the insurer's surplus as regards policyholders unreasonable in relation to the insurer's outstanding liabilities and inadequate to its financial needs.

(B) In reviewing transactions under division (A) of this section, the superintendent shall consider whether the terms of the transaction are fair and reasonable and whether the transaction may adversely affect the interests of policyholders.

(C) Any transaction or agreement described in division (A) of this section that is not disapproved by the superintendent in accordance with that division is effective as of the effective date set forth in



the notice required under this section.

(D) The superintendent, pursuant to rules adopted in accordance with Chapter 119. of the Revised Code, may designate certain types of transactions that need not be submitted for review under division (A) of this section, if those transactions would not have a significant impact on the financial condition of an insurer.

(E) A domestic insurer shall not enter into any transaction described in division (A) of this section with members of its insurance holding company system if the transaction is part of a plan or series of similar transactions and if the purpose of entering into the separate transactions is to avoid the review required under division (A) of this section that would otherwise occur. If the superintendent determines that the insurer, within a twelve-month period, entered into those separate transactions for that purpose, the superintendent may take any action authorized by section 3901.37 of the Revised Code.

(F) A domestic insurer shall give written notice to the superintendent, within thirty days after making an investment, if the investment is made in a corporation and the total investment in the corporation by the insurance holding company system exceeds ten per cent of the voting securities of the corporation.

(G) Nothing in division (A) of this section shall be construed to authorize or permit any transaction that would otherwise be contrary to law.