



Ohio Revised Code

Section 3929.631 Stabilization reserve fund.

Effective: April 12, 2004

Legislation: House Bill 282 - 125th General Assembly

(A) In the event the superintendent of insurance creates the medical liability underwriting association under section 3929.63 of the Revised Code or reactivates the medical liability underwriting association under section 3929.632 of the Revised Code, the superintendent also shall create a stabilization reserve fund for the medical liability underwriting association under Chapter 119. of the Revised Code. The stabilization reserve fund shall be administered by thirteen directors, one of whom shall be the superintendent of insurance or the superintendent's deputy. The remaining twelve directors shall be appointed by the superintendent. Of these twelve directors, five shall be doctors of medicine and surgery, two shall be doctors of osteopathic medicine and surgery, one shall be a doctor of podiatric medicine, and four shall be representatives of hospitals.

(B) The directors shall act by majority vote with seven directors constituting a quorum for the transaction of any business or the exercise of any power of the stabilization reserve fund. The directors shall serve without salary, but each director shall be reimbursed for actual and necessary expenses incurred in the performance of official duties as a director of the stabilization reserve fund. The directors are not subject to any personal liability with respect to administration of the fund.

(C) Each policyholder of the medical liability underwriting association shall pay to the medical liability underwriting association annually a stabilization reserve fund charge. The charge shall be determined by the directors with the agreement of the board of governors of the medical liability underwriting association, subject to the approval of the superintendent. In the event that there is no agreement among the directors, the board of governors, and the superintendent as to the charge, the superintendent shall determine the charge. The amount of the charge may differentiate between types of coverage, but shall be sufficient to ensure that the medical liability underwriting association is actuarially sound, adequately reserved, financially stable, and efficiently managed so as to satisfy the purposes of sections 3929.62 to 3929.70 of the Revised Code. The medical liability underwriting association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.



(D) The medical liability underwriting association promptly shall pay to the trustee of the stabilization reserve fund all stabilization reserve fund charges that it collects from its policyholders.

(E) All money received by the stabilization reserve fund shall be held in trust by a corporate trustee selected by the directors. The corporate trustee may invest the money held in trust, subject to the approval of the directors. All investment income shall be credited to the stabilization reserve fund. All expenses of administration of the stabilization reserve fund shall be charged against the stabilization reserve fund. The money held in trust shall be used for the purpose of reimbursing the medical liability underwriting association for any deficit that arises out of the operations of the medical liability underwriting association and for any other purpose that is approved by the board of directors, if the purpose is reasonably consistent with the purposes of the association. Such payment to the medical liability underwriting association shall be made by the directors upon the medical liability underwriting association's certification to the directors of the amount due.

(F) If the board of governors determines that the moneys contained in the stabilization reserve fund at the end of a fiscal year, exclusive of dollars allocated for pending claims and after payment of all claims and expenses, are in excess of amounts that are necessary to ensure that the medical liability underwriting association is actuarially sound, adequately reserved, financially stable, and efficiently managed as to satisfy the purposes of sections 3929.62 to 3929.70 of the Revised Code, and the superintendent concurs, the superintendent shall cause the return of the excess fund moneys to applicants that have contributed to the fund and that are not medical liability underwriting association policyholders at the end of the fiscal year. In effectuating the return of fund moneys, the superintendent shall ascertain the total amount contributed to the fund by each applicant during the entire period of the fund's existence. Within a reasonable time period not to exceed one year, the superintendent shall remit to each eligible applicant an amount that bears the same ratio to the total amount of excess fund moneys as the total amount contributed to the fund by each applicant bears to the total amount contributed to the fund by all applicants. Notwithstanding the return of moneys under this division, policyholders shall continue to be subject to the charges of the stabilization reserve fund under this section. The total amount to be returned under this division shall reflect any interest actually earned by the fund less fund operating expenses.