



Sub. H.B. 193

126th General Assembly
(As Passed by the General Assembly)

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Effective date: *

ACT SUMMARY

- Redefines what types of life insurance constitute group life insurance and grants the Superintendent of Insurance the discretion to designate other types of life insurance as group life insurance.
- Revises the provisions that must be included in group life insurance policies.
- Provides for the operation of health savings accounts in a manner consistent with federal law.

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** The Legislative Service Commission had not received formal notification of the effective date at the time this analysis was prepared. Additionally, the analysis may not reflect action taken by the Governor.*

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CONTENT AND OPERATION

Group life insurance

(sec. 3917.01)

Law retained in part by the act defines "group life insurance" for purposes of the Insurance Law. In summary, former law defined group life insurance as life insurance covering not less than two employees of private employers or political subdivisions (including public schools), creditors, or members of any of several specified organizations, including, the National Guard or militia, the Ohio Highway Patrol, professional labor unions, veterans associations, agricultural or horticultural organizations, pre-existing associations formed for a purpose other than that of obtaining insurance, credit unions, independent contractors, employer-employee joint trusts, and trusts for retired and former employees previously covered by employers and certain of the organizations listed above. Life insurance coverage for many of the same organizations continues to be defined as group life insurance under the act, however, the act has extensively amended the definition of group life insurance. The list of qualifying insureds and associated conditions is amended both in style and substance.

Under the act, all of the following forms of life insurance are defined as group life insurance. Qualifications are set forth. Comparisons with provisions of former law are included as appropriate.

Life insurance issued to employers

(sec. 3917.01(A))

Continuing law defines a life insurance policy issued to an employer or to the trustees of a fund established by an employer, that insures employees for the benefit of persons other than the employer, as a type of group life insurance. The act names the employer or trustees as the policyholder of the insurance. As amended by the act, life insurance covering employees must conform to all of the following requirements to qualify as group life insurance:

(1) All employees of an employer, or all of any class or classes of employees, must be eligible for the insurance. The insurance policy may provide that employees include the employees and retired employees of one or more subsidiary corporations and the employees, proprietors, and partners of one or

more affiliated corporations, proprietorships, or partnerships, if the employer and the affiliated businesses are under common control. The list of parties that may be included as employees is substantially the same as in former law. Under the act, a policy also may provide that employees include former employees, the directors of a corporate employer, and, when the policy insures public bodies, elected and appointed officials.

When benefits were limited to classes of employees under former law, the law required the class to be determined by sex, age, or conditions pertaining to the employment, based upon a plan that precluded individual selection. The act repeals the qualifiers for defining a class of employees.

(2) The act permits the insured employees, or the employers, or a combination of the employers and employees, to pay the policy's premiums. Former law required that the premiums be paid by the employers or both the employer and the insured employees, but did not permit payment by the insured employees alone. The act provides that an insurer may exclude or limit coverage for an individual employee if evidence for that person's insurability is not satisfactory to the insurer, otherwise, if the policy is funded solely by the employer, the policy must insure all eligible employees except for those employees who reject the coverage in writing. Under a provision of former law, repealed by the act, if coverage was offered to all eligible employees and the premium was paid by the employer and employee jointly, not less than 75% of the employees were required to be insured. Another provision of former law, repealed by the act, excluded employer life insurance issued on multiple lives from the definition of group life insurance if the policy both provided for payments upon the death of any one or more, or of each, of the lives insured, and computed premiums on the same basis used by the insurer for individual life insurance policies.

Life insurance issued to creditors

(sec. 3917.01(B))

Continuing law defines life insurance issued to creditors as a form of group life insurance. The act provides that such life insurance may be issued to a creditor, or to the creditor's parent holding company, or to trustees or agents designated by two or more creditors, to insure the debtors of a creditor or creditors. Under the act, the creditor, holding company, affiliate, trustee, or agent is deemed the policyholder. Former law provided only for policies issued to a creditor, who was deemed the policyholder. As amended by the act, this type of group life insurance must conform to all of the following requirements:

(1) All debtors of the creditor or creditors must be eligible for the insurance, or all of any class or classes of debtors. A policy may define debtors to include borrowers of money or purchasers or lessees of goods, services, or property for which payment is arranged through a credit transaction, and the debtors of one or more subsidiary corporations or affiliated corporations, proprietorships, or partnerships, if the business of the policyholder and the affiliated corporations, proprietorships, or partnerships is under common control.

Provisions of former law, repealed by the act, provided that group life insurance policies could only be issued to creditors if the group of eligible debtors was receiving new entrants at a minimum rate of 100 persons yearly or could be expected to do so during the first policy year, and continued to do so, and only if the policy reserved to the insurer the right to require evidence of individual insurability if less than 75% of the new entrants became insured. Provisions of former law, also repealed by the act, provided that policies issued to creditors could limit the amount of insurance available to eligible classes of debtors by age, when based upon a plan that precluded individual selection.

(2) The premium for the policy must be paid either from the creditor's funds or from charges collected from the insured debtors, or from both. An insurer may exclude or limit coverage for an individual debtor if evidence for that person's insurability is not satisfactory to the insurer, otherwise, if the policy is funded solely by the creditor, the policy must insure all eligible debtors. Under a provision of former law, repealed by the act, a policy on which part or all of the premium was collected from the insured debtors of identifiable charges not required of uninsured debtors was prohibited from including debtors under obligations outstanding on the issue date without evidence of individual insurability unless at least 75% of the then-eligible debtors elected to pay the required charges.

(3) Unless the insurance is written in connection with open-end credit having a credit limit exceeding \$10,000, the amount of insurance on the life of a debtor may not exceed the greater of the scheduled or actual amount of unpaid indebtedness to the creditor. Insurance on open-end credit having a credit limit exceeding \$10,000 may be issued in an amount not exceeding the credit limit. Formerly, the law stated that the amount of insurance "shall at no time exceed the amount owed by the debtor that is repayable in installments to the creditor."

(4) The insurance is payable to the creditor or to any successor to the right, title, and interest of the creditor. The insurance payment must be used first to reduce or extinguish the unpaid indebtedness, with any excess payable to the estate of the insured.

Formerly, the law provided that the insurance was payable to the creditor, but did not address successors to the creditor's rights, and provided that the amount would reduce or extinguish the unpaid indebtedness of the debtor to the extent of the payment, but did not address the distribution of excess amounts.

(5) The act adds language applicable to insurance on agricultural credit transaction commitments and educational credit transaction commitments. Notwithstanding any of the act's other provisions on group life insurance issued to creditors, insurance on agricultural credit transaction commitments may be written up to the amount of the loan commitment on a nondecreasing or level-term plan and insurance on educational credit transaction commitment may be written up to the amount of the loan commitment less the amount of any repayments made on the loan.

Life insurance issued to employee organizations

(sec. 3917.01(C))

Life insurance issued to a labor union, for the benefit of persons other than the union or any of its officials, continues to be a form of group life insurance. The act expands this definition to include life insurance issued to a labor union or "similar employee organization" to insure the members of the union or organization for the benefit of persons other than the union or organization or any of its officials, "representatives, or agents." The union or organization is deemed the policyholder; formerly, the law defined the union as an "employer." As amended by the act, this type of group life insurance must conform to all of the following requirements:

(1) All of the members of the union or organization, or all of any class or classes of the members, must be eligible for the insurance.

(2) The premium for the policy may be paid from the union or organization's funds, from funds contributed by the insured members specifically for the members' insurance, or from both. An insurer may exclude or limit coverage for an individual member if evidence for that person's insurability is not satisfactory to the insurer, otherwise, if the policy is funded solely by the organization or union, the policy must insure all eligible members except for those members who reject the coverage in writing.

Under a provision of former law, repealed by the act, if premiums were paid by the union and its members jointly and offered to all eligible members, not less than 75% of the members were required to be insured. Supplemental insurance could be obtained without membership reaching this level of participation.

Life insurance issued to employee trusts

(sec. 3917.01(D))

Life insurance issued to a trust or to the trustees of a trust fund established or adopted by two or more employees, or by one or more labor unions, or by one or more employers and one or more labor unions, to insure employees of the employers or members of the unions for the benefit of persons other than the employers or unions, continues to be a form of group life insurance. The act expands upon unions to include "similar employee organizations." Under continuing law, the trust or trustee is deemed the policyholder. As amended by the act, this type of group life insurance must conform to all of the following requirements:

(1) All of the employees of the employers, all members of the unions or organizations, or all of any class or classes of the employees or members, must be eligible for insurance. The policy, much like former law, may provide that employees includes the employees of one or more subsidiary corporations and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietorships, or partnerships, if the business of the employer and of the affiliated corporations, proprietorships, or partnerships is under common control; may define employees to include the individual proprietor or partners if the employer is an individual proprietorship or a partnership; and may provide that employees includes retirees and former employees, the directors of a corporate employer, the trustees and the employees of the trustees if the employees' duties are principally connected with the trusteeship.

(2) The premium for the policy must be paid from funds contributed by the employers, by the unions or similar employee organizations, or from both, or from funds contributed by the insured persons or by both the insured persons and the employers or unions. An insurer may exclude or limit the coverage on any person if evidence for that person's insurability is not satisfactory to the insurer, otherwise, if no part of a policy's premium is paid by insured persons specifically for their insurance, the policy must insure all eligible persons except those persons who reject the coverage in writing.

Under a provision of former law, repealed by the act, if any part of the policy premiums were paid from funds contributed by the insured employees, not less than 75% of the then-eligible employees were required to be insured.

Life insurance issued to associations

(sec. 3917.01(E))

Life insurance issued to an association or to a trust or the trustees of a fund established, created, or maintained for the benefit of the members of one or more associations, continues to be a form of group life insurance. The association, trust or trustee, or an agent, is deemed the policyholder; formerly, the law defined the association as the "employer." As amended by the act, this type of group life insurance must conform to all of the following requirements:

(1) The association or associations must have at the outset a minimum of 100 persons, have been organized and maintained in good faith for purposes other than that of obtaining insurance, have been in active existence for at least two years, and have a constitution and bylaws providing for all of the following: (a) holding regular meetings not less than annually to further purposes of the members, (b) except for credit unions, the collection of dues or contributions from members, and (c) member voting privileges and member representation on the association's governing board and committees.

(2) The group life insurance policy may insure one or more of the members of the association or associations, employees of the association or associations, or the employees of members, or all of any class or classes of employees or members, for the benefit of persons other than an employee's employer. The policy premium must be paid from funds contributed by the association or associations, or by employer members, or by both, or from funds contributed by the covered members or employees, or from both the covered members and employees and the association or associations or employer members. An insurer may exclude or limit an employee or member's coverage if evidence for that person's insurability is not satisfactory to the insurer, otherwise, if no part of the policy's premium is paid by the covered members and employees specifically for the covered members' and employees' insurance, the policy must cover all eligible members and employees except those who reject the coverage in writing.

Former law defined this type of group life insurance as life insurance covering members and employees of an association in existence for a minimum of two years prior to the association's purchase of insurance, organized and maintained for a purpose other than obtaining insurance. The association was defined as an employer. The insurance was required to cover at least 50 members and to insure members and employees for amounts of insurance based on a plan that precluded individual selection.

Separate provisions in former law that pertained to certain specified associations, including veterans associations, organizations of agriculturalists and horticulturists, and the National Guard and militia, are repealed by the act.

Life insurance issued to credit unions

(sec. 3917.01(F))

Life insurance issued to a credit union, for the benefit of persons other than the credit union or its officers, continues to be a form of group life insurance. The act amends this form of group life insurance to include life insurance issued to a trustee or trustees or agent designated by two or more credit unions, to insure the members of the credit union or credit unions for the benefit of persons other than the credit union or credit unions, trust or trustees, or agents or officials of the credit union or credit unions or trust. The act deems the credit union, trustee or trustees, or agent, as the policyholder; formerly, the law defined the credit union as an employer. As amended by the act, this type of group life insurance must conform to all of the following requirements:

(1) All of the members of the credit union or credit unions, or all of any class or classes of the members, must be eligible for insurance.

(2) The policy premium must be paid by the policyholder from the credit union's funds.

(3) The policy must insure all eligible members unless evidence for an individual's insurability is not satisfactory to the insurer, in which case the insurer may exclude or limit coverage for that individual. No provision is included, as elsewhere in the act, for members to reject the coverage in writing.

Former law, amended or repealed by the act, applied to life insurance covering all of the eligible members of a credit union for amounts not in excess of each member's share balance, the premium on which was paid by the credit union or the credit union and its members jointly, provided that if the premium was paid jointly not less than 75% of all eligible members were required to be insured. The life insurance had to be for the benefit of persons other than the credit union or its officers. Former law permitted the use of age-based classifications in determining an individual member's eligibility, and a member also could be required to provide evidence of individual insurability satisfactory to the insurer. The credit union was required to consider proposals from any licensed insurer.

Other forms of group life insurance

(sec. 3917.01(H) and (I))

The act provides that life insurance policies covering the members of groups not listed above also may be classified as group life insurance, subject to the Superintendent of Insurance finding that the issuance of the policy is not contrary to the best interest of the public, would result in economies of acquisition or administration, and that the policy provides benefits that are reasonable in relation to the premiums charged. The act prohibits an insurer from offering group life insurance in Ohio under a policy issued in another state unless the Superintendent of Insurance, or the insurance regulatory authority of a state with requirements substantially similar to those of Ohio, makes a determination that the requirements of these provisions have been met. Policy premiums must be paid either from the policyholder's funds or from funds contributed by the insured members, or from both. An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer, otherwise, the policy must insure all eligible members except those who reject the coverage in writing.

Continuing law, amended by the act, defines life insurance covering the members of a workforce actively engaged in an occupation for and performing services on behalf of a corporation, limited liability company, partnership, proprietorship or similar organization, whose members are not employees of the organization, as a form of group life insurance. Formerly, if benefits were offered to all eligible members and the premium was paid by the organization and its members jointly, no less than 75% of the members were required to be insured. The act repeals this percentage participation requirement.

Notice for other forms of life insurance

(sec. 3917.02)

The act requires an insurer to provide written notice to prospective insureds if the insurer sells life insurance on a group basis that does not qualify as one of the forms of group life insurance enumerated under section 3917.01 of the Revised Code. The act requires an insurer to distribute a written notice to prospective insureds stating that compensation will or may be paid, if compensation of any kind will or may be paid, to one of the following persons:

(1) A policyholder, or sponsoring or endorsing entity, in the case of a group policy. A "sponsoring or endorsing entity" is defined by the act as an organization that has arranged for the offering of a program of insurance in a manner that communicates that eligibility for participation is dependent upon a

person's affiliation with an organization or that an organization encourages participation in the program.

(2) A sponsoring or endorsing entity in the case of an individual, blanket, or franchise policy marketed by means of a direct response solicitation. "Direct response solicitation" is defined by the act as a solicitation made through a sponsoring or endorsing entity through the mail, telephone, or other mass communication media.

The required notice must be distributed whether the potential compensation is direct or indirect and whether the compensation is paid to or retained by the policyholder, the sponsoring or endorsing entity, a third-party, or an entity affiliated with the third-party by way of ownership, contract, or employment, at the direction of the policyholder or sponsoring or endorsing entity. The required notice must be placed on or accompany an application or enrollment form provided to prospective insureds.

Coverage of dependents

(sec. 3917.03)

Under continuing law, any group life insurance, except for life insurance issued to creditors and their parent holding companies or a designated agent or trustee of creditors, may be extended to insure an employee's or member's dependents, as defined by the policy, or any class or classes of dependents. The premium for the dependent's insurance must be paid either from funds contributed by the employer, union, association, or other person to whom a policy has been issued, or from funds contributed by the insured persons, or from both.

Under the act, an insurer may exclude or limit the coverage on an individual dependent if evidence for that individual's insurability is not satisfactory to the insurer, otherwise, a policy on which no part of the premium for a dependent's coverage is derived from funds contributed by the covered persons must insure the dependents of all eligible employees or members or a class or classes of dependents. Former law (sec. 3917.01(C)), repealed by the act, required the amount of insurance issued under a policy to be based upon a plan that precluded individual selection, and provided that if insurance coverage was lost due to a spouse's death or the termination of a spouse's employment, the dependent spouse had the same conversion rights as provided by the policy to the insured spouse.

Group life insurance policy provisions

(sec. 3917.06)

Formerly, the law stated that a group life insurance policy could not be issued or delivered in Ohio until a copy of the policy was filed with the Superintendent of Insurance and formally approved by the Superintendent. The substance of provisions enumerated in the law had to be included in all group life insurance policies.

The act amends former law by allowing group life insurance that does not contain the substance of listed provisions to be delivered in Ohio if the policy contains provisions, "that in the opinion of the Superintendent of Insurance are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder." Most of the provisions in the former law were amended in form and substance by the act, as follows:

(1) Formerly, a provision was required to be included that stated a policy was incontestable after two years from the policy's issue date, except for nonpayment of premium or for a "violation of the conditions of the policy relating to military or naval service in time of war." The language pertaining to military or naval service in time of war is repealed by the act although the rest of the "incontestability" provision is retained. The act adds a provision that prohibits the use of statements made by an insured relating to the individual's insurability in contesting the validity of the insurance with respect to which the statement was made, if the insurance previously was in force for two years, unless the statement is contained in a written instrument signed by the individual. The act provides that insurers are permitted, despite this provision, to assert defenses at any time that are based on provisions of the policy that relate to eligibility for coverage.

(2) Former law required a provision stating that the policy and application submitted in connection with the policy constituted the entire contract between the parties and deeming all statements contained in the application, in the absence of fraud, to be representations and not warranties, which statements could not be used as a defense to a claim brought under the policy unless the statements were contained in a written application. The act requires that a copy of the policyholder's application be attached to the policy when issued. The act deems all statements of policyholders and insureds to be representations and not warranties, rather than just those contained in an application, but permits the use of an insured's statement in a contest if a copy of the instrument containing the statement is furnished to the insured, or in the event of the insured's death or incapacity to the insured's beneficiary or personal representative.

(3) Former law required a provision for the adjustment of premiums or benefits when an insured's age had been misstated. The act requires that the provision contain a clear statement of the method of adjustment.

(4) Former law required a provision stating that the insurer would issue to the policyholder, for delivery to each insured, a certificate setting forth the insurance protection to which the insured was entitled and to whom the benefits were payable. The act requires that the certificate also include a statement of any coverage provided to dependents and a statement of an insured's rights and conditions upon termination of employment, disability, or death.

(5) Former law required a provision that allowed an insured to obtain individual coverage, without evidence of insurability, if the insured lost group coverage due to termination of the insured's employment or applicable membership in the covered classes of employees. The employee or member was required to apply for coverage and pay the applicable premium within 31 days following their termination. The act adds language, extending access to individual coverage upon termination of an insured's employment or membership in a covered class, if any part of the coverage on the insured, or on the insured's dependents, ceases. However, under the act, insureds are no longer entitled to disability or supplementary benefits under the individual coverage issued. Under former law, an individual could obtain insurance in "any one of the forms customarily issued by the company, except term insurance"; the act amends this, to "any one of the forms customarily issued by the insurer to that age." Former law permitted insurers to make coverage available in any amount not in excess of the amount of the insured's coverage at the time of the individual's termination or loss of applicable membership. The act repeals this limit and sets the limit as an amount of insurance not in excess of the amount of coverage that ceases because of the insured's termination "less the amount of any life insurance for which the person is eligible under the same or any other group policy within thirty-one days after termination," not including any amount of insurance that has matured on or before the date of termination as an endowment payable to the insured whether in a lump sum, installments, or an annuity. The act adds an additional condition, setting the premium on the individual policy at the insurer's then customary rate applicable to the form and amount of the individual's policy, the individual's class of risk, and the individual's age on the effective date of the individual policy. The act makes the individual coverage available to surviving dependents, if any, at the death of the employee or member, with respect to the coverage under the group policy that terminates by reason of the employee's or member's death, and to the dependents of an employee or member upon the termination of the dependent's coverage, by reason of the dependent ceasing to be a dependent under the group policy, while the employee or member remains insured under the policy.



The act also adds a provision, granting an individual who is not given notice of the right to obtain individual coverage at least 15 days prior of the expiration of the required 31-day application period an additional 15 days to exercise that right following the individual's receipt of such notice, "but in no event shall the period extend beyond sixty days after the expiration date of the period provided in the policy." Written notice provided to an individual or mailed by the policyholder to the insurer to the last known address of the individual, as furnished by the policyholder, constitutes notice for this purpose. The act provides that nothing in this language is to be construed to continue any insurance beyond the expiration date of the period provided in the policy.

A continuing provision that is required for group life insurance policies entitles persons insured under a group policy for at least five years prior to the termination of a group policy or the termination of coverage for a class of insureds, to an individual policy of life insurance. Former law permitted the group policy to limit the amount of coverage to the smaller of \$2,000 or the amount of the terminated insurance less the amount of any life insurance for which the person became eligible under another group policy issued or reinstated within 31 days after the termination. The act raises the \$2,000 limit to \$10,000 and entitles the insured's dependants to this individual coverage as well. Continuing law entitles insureds to receive benefits during the period of conversion to individual coverage, whether or not an application has been completed or the first premium paid.

The act repeals a number of provisions required in group life insurance policies under former law, including:

(1) A provision that required an insurer to add to the group or class of insureds all new employees or members eligible for insurance.

(2) A provision that required policies issued to labor unions to include a notice that the annual renewable term premium depends upon the attained age of the members in the group and increases with advancing age.

(3) A provision that required a group life insurance policy and related application to be available for inspection by a beneficiary of the policy or an authorized representative of the beneficiary during regular business hours at the office of the policyholder where the policy was on file.

A provision that permitted out-of-state insurers to include provisions required by the law of other states, territories, or districts where the insurer is organized, and permitted Ohio insurers to include in policies delivered in other states or countries any provision required or permitted by the laws of the state, territory, district, or country where issued, is also repealed by the act. Under

former law, these policies could be issued in Ohio if the Superintendent of Insurance believed that provisions of the policy were more favorable to the policyholder or insured than Ohio's requirements.

The act adds the following new provisions that must be included in group life insurance policies:

(1) A provision permitting an insured to continue coverage during the insured's total disability, when active employment is a condition of insurance, by timely payment to the policyholder of that portion of the premium, if any, that would have been required from the insured if the total disability had not occurred. The continuation must be on a premium basis for six months after the date on which the insured's total disability started, but not later than the earlier of the discontinuance of the group life insurance policy or of the insurer approving the continuation of the coverage under any disability provision in the group policy.

(2) A provision requiring a life insurer insuring the lives of debtors to furnish to the policyholder for delivery to each debtor a certificate of insurance describing the coverage and specifying that the death benefit first will be applied to reduce or extinguish the debtor's unpaid indebtedness. The act's provisions relating to the payment of insurance benefits upon an insured's termination of employment, disability, death, or active employment, do not apply to group policies insuring the lives of debtors.

(3) A provision requiring any sum becoming due by reason of the death of the insured be payable to the beneficiary designated by the insured. The act provides, however, that if the policy contains conditions pertaining to family status, the beneficiary may be the family member specified by the terms of the policy subject to provisions concerning the lack of a designated beneficiary for all or part of the benefits at the time of the insured's death and subject to any rights reserved in the policy by the insurer and set forth in the certificate to pay, at the insurer's option, a part of the sum not exceeding \$2,000 to any beneficiary that the insurer believes is equitably entitled to the amount by reason of having incurred funeral or other expenses incident to the last illness or death of the insured.

(4) If a group policy is other than a term plan of insurance, a nonforfeiture provision or provisions, which, in the opinion of the Superintendent of Insurance, are equitable to the insureds and the policyholder. The act provides that this provision may not be construed as requiring group life insurance policies to contain the same nonforfeiture provisions as are required for individual life insurance policies.

(5) If a group policy is other than a term plan of insurance, a loan provision authorizing insureds to borrow upon the policy, unless the loan value of



certificates issued under the policy is established by federal law. The act permits insurers, however, to place one or more of the following conditions on a loan: (a) loans may be limited to insureds who have held a certificate under the policy for a minimum period, not to exceed three years, (b) an insured may be denied a loan if a premium on the insured's policy is in default beyond any grace period for payment, (c) an insured may be required to borrow a minimum amount, not to exceed \$1,000, and (d) an insured may be required to accept an adjustable interest rate, not to exceed the rate used to compute the certificate's cash surrender value by more than 2%. For purposes of the loan provision, the loan value of a certificate is equal to either: (a) 90% of the certificate's cash surrender value at the time the loan is made, less any outstanding indebtedness including any unpaid interest not already deducted, or (b) the certificate's cash surrender value at the time the loan is made, less any outstanding indebtedness including any unpaid interest not already deducted, less the amount needed to pay the certificate's cost of insurance charges and expenses for as long as three months after the time that the loan is made.

The act specifies that the requirements in the Life Insurance Policy Law pertaining to the provisions that must be included in other life insurance policies do not apply to group life insurance policies, with the exception of a provision requiring the settlement of a claim within two months after the insurer's receipt of due proof of the insured's death (sec. 3915.05(K), not in the act) and a section requiring insurers to pay interest on the proceeds due under a policy, at specified rates, if the insured was an Ohio resident at the time of death and the beneficiary elects to receive the proceeds in a lump sum (sec. 3915.052, not in the act).

Health insuring corporation plan deductibles

(sec. 1751.12)

Formerly, the Health Insuring Corporation Law, Chapters 1751. and 1753. of the Revised Code, limited the annual deductibles that a health insuring corporation could require its enrollees to pay at \$1,000 per enrollee or \$2,000 per family. The law permitted the Superintendent of Insurance to adopt rules setting different limits for health plans with an employer-sponsored medical savings account, health reimbursement arrangement, or flexible spending account. The act adds an exception. Under the act, a health insuring corporation may impose higher deductibles, exceeding the \$1,000 per enrollee and \$2,000 per family, for high deductible health plans that are linked to health savings accounts.

Former law required that copayments be reasonable and not be a barrier to the necessary utilization of services by enrollees. The act specifies that copayments imposed by a health insuring corporation in connection with a high deductible health plan that is linked to a health savings account are reasonable and



not a barrier to the necessary utilization of services by enrollees. The act exempts these copayments from certain measures in former law that a health insuring corporation could take to ensure that copayments were reasonable and not a barrier to the necessary utilization of services. The act defines "health savings account" and "high deductible health plan" as having the same meanings as in section 223 of the federal Internal Revenue Code.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	04-12-05	p. 386
Reported, H. Insurance	05-19-05	pp. 862-863
Passed House (94-1)	06-01-05	pp. 893-894
Reported, S. Insurance, Commerce & Labor	06-21-05	p. 873
Passed Senate (32-0)	06-21-05	pp. 1267-1268
House concurred in Senate amendments (99-0)	08-02-05	pp. 1543-1544

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