

Executive

In House Finance and Appropriations

INSCD5 Insurers Supervision, Rehabilitation, and Liquidation Act

R.C. 3903.301, 3903.01 and Section 803.60

No provision.

Protects specified rights related to "netting agreements" and "qualified financial contracts" in the context of insurance company rehabilitations or liquidations. Measures damages as of the date of an insurer's termination, liquidation, acceleration, or close out of a netting agreement or qualified financial contract. Requires the claim for damages be actual direct compensatory damages. Requires any net or settlement amount that a nondefaulting party owes to an insurer be given to the receiver for the insurer upon termination of a netting agreement or qualified financial contract.

No provision.

Requires a receiver to notify any person who is a party to a transferred agreement or contract and to do either of the following concerning transfers of a netting agreement or qualified financial contract entered into between an insurer and a counterparty or affiliate of the counterparty:

- Transfer to one party, other than an insurer, all netting agreements and qualified financial contracts.
- Transfer none of the netting agreements or qualified financial contracts.

No provision.

Prohibits, generally, a receiver from avoiding certain transfers of money or other property that are made before the commencement of a formal delinquency proceeding but allows a receiver to avoid certain fraudulent transfers.

No provision.

Requires a receiver to disaffirm or repudiate either all or none of the netting agreements and qualified financial contracts between the insurer and a counterparty (or any

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No provision.

affiliate of the counterparty).

Specifies when a claim must be considered as if it had arisen before the filing date of the petition for liquidation or the petition for conservation or rehabilitation.

No provision.

Specifies that all rights of a counterparty under Ohio's Rehabilitation and Liquidation Law apply to netting agreements and qualified financial contracts entered into on behalf of the general account or specified separate accounts.

No provision.

Specifies that the above provisions do not apply to the affiliates of an insurer that is the subject of a formal delinquency proceeding and the provisions apply only to formal delinquency proceedings that commence on or after the effective date of the act.

Fiscal effect: None. Makes changes to laws governing the activities of the Office of the Ohio Insurance Liquidator, which manages liquidation related to Ohio-based insurance companies. The Office is technically a private trustee's office overseen by the Franklin County Court of Common Pleas, rather than an operation of state government, and is funded by a share of the estate left by a liquidated insurance company.

INSCD4

Health Care Coverage and Quality Council

R.C. 3923.90, (Repealed), 185.01, 185.03, 185.06, 185.10, 3319.71, 3924.10, 4113.11, Repealed: 3923.91

Eliminates the Health Care Coverage and Quality Council from current law.

R.C. 3923.90, (Repealed), 185.01, 185.03, 185.06, 185.10, 3319.71, 3924.10, 4113.11, Repealed: 3923.91

Same as the Executive.

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Fiscal effect: Support activities performed by Department staff for the Council were paid from Fund 5540 during the current biennium, under line item 820609, State Coverage Initiative Administration. Activities that were performed by the Council will continue to be performed by Department staff, paid from Fund 5540. Overall this provision is expected to be approximately revenue neutral.

INSCD6

Most Favored Nation Clauses in Health Care Contracts

No provision.

R.C. **3963.11, Section 630.10**

Prohibits all health care contracts entered into or offered to a health care provider from including a most favored nation clause. Removes language that had originally provided for a three year moratorium on most favored nation clauses in health care contracts. Specifies that contracts in effect prior to June 25, 2008, are permitted to retain a most favored nation clause for the duration of the existing contract, unless that contract is amended, extended, or renewed.

Fiscal effect: A "most favored nation" clause in a health care contract generally requires a health care provider to charge an insurer rates for providing health care services that are not higher than the provider charges any other insurer. Such clauses therefore may affect rates that insurers pay for health care services. This provision may therefore increase or decrease state and local government expenditures to provide health benefits to employees.

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INSCD1 Market Conduct Examination

Section: 307.10

Allows the Superintendent of Insurance to assess the cost of conducting a market conduct examination of an insurer against the insurer. Allows the Superintendent to enter into consent agreements to impose administrative assessments or fines for violations of insurance laws or rules. Specifies that all costs, assessments, and fines collected must be deposited to the Department of Insurance Operating Fund (Fund 5540).

Section: 307.10

Same as the Executive.

INSCD2 Examinations Of Domestic Fraternal Benefit Societies

Section: 307.10

Allows the Director of Budget and Management, at the request of the Superintendent of Insurance, to transfer funds from the Department of Insurance Operating Fund (Fund 5540) to the Superintendent's Examination Fund (Fund 5550). Specifies that the permitted transfer amount is limited to expenses incurred in examining domestic fraternal benefit societies.

Section: 307.10

Same as the Executive.

INSCD3 Transfer From Fund 5540 To General Revenue Fund

Section: 307.10

Requires the Director of Budget and Management to transfer \$5.0 million from the Department of Insurance Operating Fund (Fund 5540), not later than the thirty first day of July each fiscal year, to the GRF.

Section: 307.10

Same as the Executive.