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**I. THE STATE OF OHIO**

**A. *FREQUENTLY CITED OHIO STATUTES***

**1. General Considerations in Insurance Claims Management**

**Ohio Administrative Code § 3901-1-54**

Unfair Property/Casualty Claims Settlement Practices

This provision is not a statute but is part of the state regulations governing insurers. It governs unfair settlement practices in the handling of property and casualty claims. Numerous minimum standards of conduct for claims representatives are set forth.

Although the code expressly provides violations of the code may result in disciplinary action being taken by the Department of Insurance, violations do not lead to civil liability, even on first-party claims.

**R.C. § 2111.18**

Settlement of Minor's Claims

All settlements of personal injury claims of minors must be approved by the probate court of the county where the minor resides.

Amended by 2009 Ohio SB 106 to change the amount of net settlement from \$10,000.00 or less to \$25,000.00 or less after payment of fees and expenses. Additional language added includes: "In the settlement, if the ward is a minor, the parent or parents of the minor may waive all claim for damages on account of loss of service of the minor, and that claim may be included in the settlement."

**R.C. § 3737.16**

Release of, or Request For, Information Relating to Fire Loss by Insurance Company

Civil authorities investigating property fire losses (including the fire marshal, a fire department chief, local law enforcement, or the county prosecutor) may request an insurance company investigating a property fire loss to release any information in its possession concerning the loss.

**R.C. § 4505.11**

Salvage Titles

If it is economically impractical to repair a vehicle and the insurer has paid the owner an agreed sum for the purchase of the vehicle, the insurer shall obtain the title and within thirty (30) days obtain a salvage title.

If the owner retains possession of the vehicle, the insurer cannot pay the owner to settle the claim until the owner first obtains a salvage title.

**R.C. § 4509.51**

Automobile Minimum Liability Limits

The statute requires minimum automobile liability coverage limits (per accident) of: (1) \$25,000.00 for bodily injury or death of any one person in any accident; (2) \$50,000.00 for bodily injury to or death of two or more persons in any one accident; and (3) \$25,000.00 for injury to property of others in any one accident.

**R.C. § 4509.53(D)**

Motor Vehicle Insurance Policy Applications

The written application of insurance is part of a motor vehicle liability policy.

**2. Clarification of Facts and Legal Duties**

**R.C. § 2317.48**

Action for Discovery

When information and facts surrounding a case are difficult to obtain, a person claiming to have a cause of action, or a person against whom a cause of action has been filed, may bring an action for discovery. A discovery action allows such party to explore the strengths of the complaint or defense without subjecting the party to the potential penalties associated with frivolous lawsuits.

**R.C. §§ 2721.01 et. seq.**

Declaratory Judgment Actions

This chapter allows parties to file suit to have the court determine the validity of a contract and/or the rights of the parties under the contract. This is the most effective tool for resolving disputes on the availability or amount of insurance coverage available.

A plaintiff who is not an insured under a policy cannot bring a declaratory judgment action against a third party's insurer to determine if coverage is available for a claim until or unless a final judgment has been placed of record awarding the plaintiff damages against the insured.

**R.C. § 4123.01(A)(1)(c)**

"Employee" Under Construction Contract

The statute sets out specific factors to determine whether a person is an "employee" under a construction contract.

**3. Uninsured Motorist Coverage**

**R.C. § 3937.18**

UM/UIM Coverage

- (A) Effective October 31, 2001, an insurer no longer has a duty to offer UM/UIM coverage to its insured with the sale of a policy. As a result, there will no longer be any requirement that a rejection or reduction in coverage be in writing.
- (B) The statute contains a five-factor test for who is an "uninsured motorist."
- (C) UIM coverage is not excess coverage.

- (D) To recover UM/UIM an insured must prove all elements which would be necessary to recovery from the uninsured or underinsured motorist.
- (E) Workers compensation benefits do not offset UM/UIM recovery.
- (F) Insurers may preclude both inter-family and intra-family stacking in their policies.
- (G) On wrongful death claims, any claim for a single death is subject to the per person limit on coverage.
- (H) An insured has a three-year statute of limitations to assert an UM/UIM claim, assuming they did not destroy the insurer's right of subrogation.
- (I) A vehicle available for the regular use of the insured, a family member, or a fellow household member can be deemed an uninsured vehicle.
- (J) The UM/UIM insurer is entitled to subrogate, standing in the shoes of its insured.
- (K) The statute does not prohibit inclusion of underinsured motorist coverage.
- (L) These requirements only apply to policies meeting the financial responsibility requirements or to umbrella policies.

**R.C. § 3937.44**

Per Person Limits

For both liability and UM/UIM coverages, only the per person limit is available for recovery for each person suffering a bodily injury or for each decedent.

**4. Statutory Subrogation Rights**

**R.C. § 2744.05**

Immunity of Political Subdivisions to Subrogation Claims

Political subdivisions are immune to any subrogation claim brought by an insurer.

**R.C. § 3937.18(J)**

UM/UIM Claims

In the event of payment to an insured for an uninsured/underinsured motorist claim, the insurer making such payment is entitled to the proceeds of any settlement or judgment resulting from the exercise of the insured's rights against a legally liable party. This right is limited by relevant insolvency proceedings.

**R.C. § 3937.21**

Subrogation

If an insurance company pays to, or on behalf of, its insured any amount later determined to be due from another insurer, it shall be subrogated to all rights of the insured against such insurer.

## **R.C. § 4123.93**

### Workers' Compensation Subrogation Rights

This statute became effective April 9, 2003, and therefore applies only to injuries occurring on or after that date. It restores subrogation rights of the Ohio Bureau of Workers' Compensation and self-insured employers. For claims where the injury occurred prior to April 9, 2003, there is no right of subrogation.

Employees now must notify the lienholder if there is a third-party who is responsible for their injuries so that there is a reasonable opportunity to assert their subrogation rights. Responsible parties include UM/UIM insurers.

If an employee is not made whole, then the statute prescribes a formula for *pro-rata* distribution of any recovery between the employee and lienholder.

If there is the potential for future payments by the lienholder, a portion of the recovery is to be put in an interest-bearing trust account to protect any future lien.

## **5. Liability and Damages Considerations**

### **R.C. § 1533.181**

#### Immunity – Recreational User Claims

The statute provides where a premises owner may be immune from claims by a recreational user of the premises.

### **R.C. § 2125.01 et. seq.**

#### Wrongful Death Actions

A wrongful death action can only be brought by the executor or administrator of the decedent's estate.

The decedent's surviving spouse, parents, and children are rebuttably presumed to have been damaged by the death.

All other family members must prove their entitlement to damages.

### **R.C. § 2305.402**

#### Trespass Liability Statute

A possessor of real property does not owe a duty of care to a trespasser except to refrain from willful, wanton, or reckless conduct that is likely to cause injury or death. However, this section builds back in a duty on the part of the possessor of real property if the possessor knows or should know a trespasser is in a position of peril and fails to exercise ordinary care to avoid injury, death or loss. The statute also recognizes duties toward child trespassers, which a Court would need to construe based on a balancing test weighing the danger of an artificial condition against the burden of eliminating danger to child trespassers. The statute further recognizes duties toward rescuers of child trespassers.

## **R.C. § 2307.22**

### Allocation of Damages

If there are multiple defendants at fault, any defendant who is more than 50% at fault is subject to joint and several liability for the plaintiff's economic damages. Intentional tortfeasors also are subject to joint and several liability for economic damages. All other at-fault defendants are liable only to the proportionate extent of their liability. All at-fault defendants are only proportionally liable for non-economic damages.

If there are multiple defendants at fault, and no one defendant is more than 50% at fault, then the at-fault defendants are liable only to the proportionate extent of their liability for both economic and non-economic damages. For injuries occurring prior to April 8, 2003, there is joint and several liability among joint tortfeasors for economic damages.

Note below, under R.C. 2315.33, if a plaintiff is more than 50% at fault, then recovery against any defendant is barred.

## **R.C. § 2307.25**

### Right of Contribution

This statute only applies to claims where the injury occurred on or after April 8, 2003. A right of contribution will exist only if two or more tortfeasors are subject to joint and several liability.

## **R.C. § 2307.28**

### Setoffs for Damages

This statute only applies to claims where the injury occurred on or after April 8, 2003. A non-settling defendant is entitled to a set-off from any award of damages from what a plaintiff has already recovered from any settling party. This right exists even if the settling party is not found to be liable. This overrules *Fildelholtz v. Peller*, (1998), 81 Ohio St. 3d 197, which required a finding the settling party was liable before a set-off could be imposed.

## **R.C. § 2307.711**

### Comparative Fault in Product Liability Actions

Assumption of risk is a defense in product liability claims. Depending upon the nature of the assumption of risk, it can be an absolute bar to a plaintiff's recovery, without any comparative fault analysis, or serves as a proportionate basis for reducing damages and liability. This statute took effect in April 2005.

## **R.C. § 2315.18**

### Caps on Compensatory Damages

There are no caps on economic damages. There are no caps on non-economic damages for "catastrophic" injuries, which are defined as "permanent and substantial physical deformity, loss of use of a limb, or loss of a bodily organ system, or permanent physical functional injury that permanently prevents the injured person from being able to independently care for and perform life-sustaining activities." With respect to "non-catastrophic" injuries, non-economic damages are capped at the greater of \$250,000.00 or three (3) times the amount of economic damages, with an absolute maximum of \$350,000.00 per plaintiff or \$500,000.00 per occurrence. Thus, if an individual plaintiff incurs more than \$83,333.00 in economic loss damages, the cap for non-economic damages increases from \$250,000.00 to \$350,000.00.

**R.C. § 2315.20**Collateral Benefits

A defendant in a tort action may introduce evidence of certain collateral benefits for the plaintiff, with stated exceptions. One such exception is if the source of collateral benefits has a federal, contractual or statutory right of subrogation.

**R.C. § 2315.21**Punitive or Exemplary Damages

Effective April 2005, a defendant now has an absolute right to bifurcate a trial on a punitive damage claim.

Punitive damages are capped at one to two times the amount of any compensatory damage award. In the case of a small employer or private individual, punitive damages are capped at two times the amount of damages or ten percent of their net worth.

**R.C. § 2315.33**Comparative Fault

If a plaintiff is more than 50% at fault, they are barred from recovery. If a plaintiff is not barred from recovery, the recovery is reduced in proportion to their percentage of comparative fault under procedures set forth in R.C. 2315.34. As to apportionment of fault among joint tortfeasors, where plaintiff is 50% or less at fault, see discussion of R.C. § 2307.22 above.

**R.C. § 2317.02**Waiver of Physician-Patient Privilege

By filing a tort action, a plaintiff waives any physician-patient privilege and the defendant is entitled to obtain the entirety of the plaintiff's medical records.

**R.C. § 2323.44**Rights of Subrogee

Notwithstanding any contractual or statutory provision to the contrary, the rights of a subrogee asserting a subrogation claim against a third party will be diminished in the same manner as the injured party's interests are diminished. Either party may file a suit under Chapter 2721 to resolve any disputes that may arise from the distribution of the recovery in the tort action.

**R.C. § 2745.01**Employer Intentional Torts

This statute took effect April 7, 2005. It reflects the latest legislative effort to codify employer intentional torts. An employee making such a claim must now either prove the employer intended to injure them or that the employer acted with the belief that injury was substantially certain to occur. Substantial certainty is considered a deliberate intent to cause injury, disease, or death. The statute goes on to provide that the deliberate removal of a safety guard or any misrepresentation of a toxic or hazardous substance creates a rebuttable presumption of an intent to injure.

## **R.C. § 3109.09 and § 3109.10**

### Parental Liability

Vicarious liability of the parents is limited to \$10,000.00 where their child willfully damages property or commits a theft offense (R.C. § 3109.09) and where their child has assaulted someone (R.C. § 3109.10). However, the statute does not limit liability of parents for their own acts or omissions.

## **R.C. § 3929.06**

### Insurance Money Applied to Judgment

Once a final judgment is entered in favor of a plaintiff against a person insured against such liability, after thirty (30) days the judgment creditor may file a supplemental complaint directly against the insurer to pay the amount of the unpaid judgment against the insured.

## **R.C. § 3929.25**

### Extent of Liability Under Policy (Valued Policy Statute)

The valued policy statute applies to any structure insured against loss by fire or lightning. In case of a total loss the insurer shall pay the amount of the policy; however, if the policy requires actual repair or replacement of the structure, then the amount paid shall be as prescribed by the policy.

## **R.C. § 3929.86**

### Fire Loss Claim – Payment of Property Taxes

Where fire damage to a structure exceeds \$5,000.00, the statute sets forth procedures for payment of delinquent property taxes from the insurance proceeds.

## **R.C. § 3937.182**

### No Insurance for Punitive Damages

Motor vehicle policies cannot insure against punitive damages.

## **R.C. § 4123.741**

### Fellow Employee Tort Immunity

An employee may not bring suit against an employer or fellow employee for injuries sustained as a result of the negligence of the employer or fellow employee.

The injury must have occurred within the scope and course of employment and be compensable under Workers' Compensation laws.

The statutory immunity does not apply to intentional torts.

## **R.C. § 4399.18**

### Liquor Liability Claims

This statute limits the scope of claims against a tavern due to actions of an intoxicated person resulting in injury to a third party.

## **R.C. § 4513.263**

### Seatbelt Defense

This statute became effective April 2005. A defendant may now present evidence the plaintiff failed to wear a seatbelt. This evidence is not admissible for the purposes of establishing liability but can be utilized to establish a plaintiff's injuries would not have occurred or not have been as severe, had a seatbelt been worn.

## **6. Insurance Fraud**

### **R.C. § 2913.47(B)(1)**

#### Presenting Fraudulent Claims

A person commits insurance fraud if, while acting with purpose to defraud or knowing the person is facilitating a fraud, the person presents or causes to be presented any written or oral statement that is part or in support of an application for insurance or a claim for a benefit under a policy of insurance, knowing the statement, in whole or in part, is false or deceptive.

### **R.C. § 2913.47(B)(2)**

#### Fraud in the Application or Claim for Insurance

It is illegal to assist, aid, abet, solicit, procure, or conspire with another to prepare or make any written or oral statement intended to be presented to an insurer as part or in support of an application for insurance or a claim for a benefit under a policy of insurance, knowing the statement, in whole or in part, is false or deceptive.

### **R.C. § 2913.47(C)**

#### Penalties

First Degree Misdemeanor—Fraudulent claims in an amount less than \$999.99.

Fifth Degree Felony—Fraudulent claims between \$1,000.00 and \$7,499.99.

Fourth Degree Felony—Fraudulent claims between \$7,500.00 and \$149,999.99.

Third Degree Felony—Fraudulent claims of \$150,000.00 or more.

### **R.C. § 3904.01(T) and § 3904.03**

#### Pretext Interviews

A “pretext interview,” as defined in R.C. § 3904.01(T), is an interview whereby a person, in an attempt to obtain information about a natural person, performs one or more of the following:

- (1) Pretends to be someone else;
- (2) Pretends to represent another entity;
- (3) Misrepresents the true purpose of the interview; and/or
- (4) Refuses to identify himself/herself.

An insurer is generally prohibited from using pretext interviews to obtain information in connection with an insurance transaction; however, a pretext interview may be undertaken to obtain information for the purpose of investigating suspected criminal activity, fraud, material misrepresentation, or a material non-disclosure in connection with an insurance claim.

**R.C. § 3904.13**Disclosure of Personal or Privileged Information by an Insurance Carrier

An insurer is prohibited from disclosing any personal or privileged information about an individual collected or received in connection with an insurance transaction, unless the disclosure is necessary for detecting or preventing criminal activity, fraud, material misrepresentation, or a material non-disclosure in connection with an insurance action.

Disclosed information must be limited to that which is reasonably necessary to detect or prevent criminal activity, fraud, material misrepresentation, or a material non-disclosure in connection with insurance transactions.

When the above conditions are met, disclosure may be made to law enforcement or other governmental agencies to protect the interest of the insurer in preventing and/or prosecuting fraudulent claims or if the insurer reasonably believes illegal activities have already been conducted by the individual.

**R.C. § 3911.06**False Answer in Application for Insurance

An insurer is prohibited from denying recovery under a policy of insurance on the basis the applicant gave false answers in his application, unless it is proved the answer was willfully false, fraudulently made, material, and induced the company to issue the policy.

The agent or insurance company must have no prior knowledge of the application's falsity or fraudulent nature prior to issuing the policy of insurance.

**R.C. § 3929.87**Time for Determination in Arson Investigation

The Fire Marshall has ninety (90) days after a fire loss in excess of \$5,000.00 to determine whether the loss was caused by arson.

**R.C. § 3937.42 and § 3937.99**Exchange of Information with Law Enforcement and Prosecuting Agencies

An insurer has a legal obligation to notify law enforcement authorities when it has reason to suspect its insured has submitted a fraudulent motor vehicle claim.

Failure to notify the proper authorities constitutes a fourth-degree misdemeanor.

**R.C. § 3999.21**Insurance Fraud Warnings

All application and claim forms issued by an insurer must contain the following warning: *Any person who, with intent to defraud or knowing he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.*

Failure to include the warning is not a valid defense for insurance fraud.

**R.C. § 3999.31**

Immunity for Providing or Receiving Information Relating to Suspected Fraudulent Insurance Acts

No person is subject to liability for libel or slander by furnishing information to the Superintendent of Insurance relating to suspected fraudulent insurance acts. This immunity extends to any such information provided to any law enforcement official and any other person involved in the detection or prevention of fraudulent insurance acts.

**R.C. § 3999.41**

Anti-Fraud Programs

Every insurer is now required to adopt a written anti-fraud program. This program must include procedures for detecting insurance fraud.

Additionally, this program is to identify the person(s) responsible for the anti-fraud program.

Those not yet engaged in the business of insurance must submit a written plan within ninety (90) days after beginning to engage in the business of selling insurance.

**R.C. § 3999.42**

Notice to Department of Insurance of Suspected Fraud

Requires an insurer to notify the Ohio Department of Insurance whenever it suspects insurance fraud (as established in the Theft Fraud Law under R.C. § 3917.47) involving a claim of \$1,000.00 or more.

