

OHIO AUDITOR OF STATE KEITH FABER



From: Auditor of State's Center for Audit Excellence

To: All IPA Firms

Subject: House Bill 291 Guidance

Date: November 13, 2019

There have been a number of questions and speaking requests that have come into our office regarding [House Bill 291 \(132 GA\) \[Effective March 20, 2019\]](#). In brief, this legislation has made it permissible, **in certain circumstances**, to obtain insurance coverage in lieu of surety bonds. There are several surety bond requirements listed in statute (currently tested in Chapter 3 of the OCS) that impact almost all entity types. Therefore, some changes to that section, and the related Implementation Guide exhibit, will be made in the upcoming OCS. We recognize some clients may have time restrictions and can't wait for the OCS guidance and need to make decisions on whether they will renew a surety or opt into an insurance policy instead. If these clients contact you regarding this, you should advise them to:

- First and foremost, seek guidance from legal counsel on what is permissible and appropriate.
- Review the table comparing sureties to insurance in in the [OCS Implementation Guide Exhibit 2](#) to assist in making an informed management decision on the matter.
- Examine not only statutory requirements (i.e. those listed in the tables in the Implementation Guide), but also any charter, local resolutions/ordinances, or other binding agreements that may require surety bonds. To the extent possible, these items may also need to be modified before changes to insurance policies are made.
- Consider whether relevant information is available from any reputable professional organizations.
 - See OTARMA application here - <http://www.otarma.org/Combined%20B&F%20Faithful%20Docs.pdf>

- See CCAO Bulletin here - <https://ccao.org/wp-content/uploads/CAB2019-03-3-19.pdf>

Please contact the Center for Audit Excellence with any questions.