

517.3 Distribution of unallocated payments.

1. *a.* All unallocated liability loss expense payments made in a given calendar year subsequent to the first four years in which an insurer has been issuing liability policies shall be distributed as follows:

- (1) Thirty-five percent shall be charged to the policies written in that year.
- (2) Forty percent to the policies written in the preceding year.
- (3) Ten percent to the policies written in the second year preceding, ten percent to the policies written in the third year preceding.
- (4) Five percent to the policies written in the fourth year preceding.

b. The payments made in each of the first four calendar years in which an insurer issues liability policies shall be distributed as follows:

(1) In the first calendar year one hundred percent shall be charged to the policies written in that year.

(2) In the second calendar year fifty percent shall be charged to the policies written in that year and fifty percent to the policies written in the preceding year.

(3) In the third calendar year forty percent shall be charged to the policies written in that year, forty percent to the policies written in the preceding year, and twenty percent to the policies written in the second year preceding.

(4) In the fourth calendar year thirty-five percent shall be charged to the policies written in that year, forty percent to the policies written in the preceding year, fifteen percent to the policies written in the second year preceding, and ten percent to the policies written in the third year preceding.

c. A schedule showing such distribution shall be included in the annual statement.

2. *a.* All unallocated compensation loss expense payments made in a given calendar year subsequent to the first three years in which an insurer has been issuing compensation policies shall be distributed as follows:

(1) Forty percent shall be charged to the policies written in that year.

(2) Forty-five percent to the policies written in the preceding year.

(3) Ten percent to the policies written in the second year preceding.

(4) Five percent to the policies written in the third year preceding.

b. The payments made in each of the first three calendar years in which an insurer issues compensation policies shall be distributed as follows:

(1) In the first calendar year one hundred percent shall be charged to the policies written in that year.

(2) In the second calendar year fifty percent shall be charged to the policies written in that year and fifty percent to the policies written in the preceding year.

(3) In the third calendar year forty-five percent shall be charged to the policies written in that year, forty-five percent to the policies written in the preceding year, and ten percent to the policies written in the second year preceding.

c. A schedule showing such distribution shall be included in the annual statement.

3. Whenever, in the judgment of the commissioner of insurance, the liability or compensation loss reserves of any insurer under the commissioner's supervision, calculated in accordance with the foregoing provisions, are inadequate, the commissioner may, in the commissioner's discretion, require such insurer to maintain additional reserves based upon estimated individual claims or otherwise.

[C24, 27, 31, 35, 39, §9027; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §517.3]

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Section amended