CHAPTER 517

EMPLOYERS LIABILITY INSURANCE

Referred to in §87.4, 296.7, 331.301, 364.4, 505.28, 505.29, 669.14, 670.7

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517.1 Reserve required.

Every corporation, association, company, or reciprocal exchange writing any of the several classes of insurance authorized by section 515.48, subsection 5, paragraph *"d"*, shall maintain reserves for outstanding losses under insurance against loss or damage from accident to or injuries suffered by an employee or other person and for which the insured is liable computed as follows:

1. For all liability suits being defended under policies written more than:

a. Ten years prior to the date as of which the statement is made, one thousand five hundred dollars for each suit.

b. Five and less than ten years prior to the date as of which the statement is made, one thousand dollars for each suit.

c. Three and less than five years prior to the date as of which the statement is made, eight hundred fifty dollars for each suit.

2. For all liability policies written during the three years immediately preceding the date as of which the statement is made, such reserve shall be sixty percent of the earned liability premiums of each of such three years less all loss and loss expense payments made under liability policies written in the corresponding years; but in any event, such reserve shall, for the first of such three years, be not less than seven hundred fifty dollars for each outstanding liability suit on said year's policies.

3. For all compensation claims under policies written more than three years prior to the date as of which the statement is made, the present values at four percent interest of the determined and the estimated future payments.

4. For all compensation claims under policies written in the three years immediately preceding the date as of which the statement is made, such reserve shall be sixty-five percent of the earned compensation premiums of each of such three years, less all loss and loss expense payments in connection with such claims under policies written in the corresponding years; but in any event, in the case of the first year of any of such three-year period such reserve shall be not less than the present value at four percent interest of the determined and the estimated unpaid compensation claims under policies written during such year.

[C24, 27, 31, 35, 39, §**9025;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §517.1]
2015 Acts, ch 29, §79

517.2 Terms defined.

As used in this chapter, unless the context otherwise requires:

1. *a. "Earned premiums"* shall include gross premiums charged on all policies written, including all determined excess and additional premiums, less returned premiums, other than premiums returned to policyholders as dividends, and less reinsurance premiums and premiums on policies canceled, and less unearned premiums on policies in force.

b. Any participating company which has charged in its premiums a loading solely for dividends shall not be required to include such loading in its earned premiums, provided a statement of the amount of such loading has been filed with and approved by the commissioner of insurance.

2. *"Compensation"* shall relate to all insurances affected by virtue of statutes providing compensation to employees for personal injuries irrespective of fault of the employer.

3. *"Liability"* shall relate to all insurance, except compensation insurance, against loss or

damage from accident to or injuries suffered by an employee or other person and for which the insured is liable.

4. *"Loss payments"* and *"loss expense payments"* shall include all payments to claimants, including payments for medical and surgical attendance, legal expenses, salaries and expenses of investigators, and field personnel, rents, stationery, telegraph and telephone charges, postage, salaries and expenses of office employees, home office expenses, and all other payments made on account of claims, whether such payments shall be allocated to specific claims or unallocated.

[C24, 27, 31, 35, 39, §**9026;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §517.2]
2015 Acts, ch 30, §166

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.
(4) Ten percent to the policies written in the third year preceding.
(5) 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]
2015 Acts, ch 30, §167; 2016 Acts, ch 1073, §149

517.4 Reports required.

Each insurer that writes liability or compensation policies shall include in the annual statement required by law a schedule of its experience thereunder in such form as the commissioner of insurance may prescribe.

[C24, 27, 31, 35, 39, §**9028;** C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §517.4]
Annual statement, §515.63

517.5 Inspection not basis for civil liability.

No inspection of any place of employment made by insurance company inspectors or other inspectors inspecting for group self-insurance purposes shall be the basis for the imposition of civil liability upon the inspector or upon the insurance company employing the inspector or upon any group organized for self-insurance purposes which employs an inspector and is regulated by the insurance departments; but this provision refers only to liability arising out of the making of an inspection and shall not be construed to deny or limit the liability of any employer to the employer's employees or the liability of any insurance carrier on its insurance policy.

[C79, 81, §517.5]

517.6 Issuance of employers' liability coverage.

An insurer intending to issue a policy providing employers' liability insurance only and covering a corporate officer excluded from workers' compensation coverage by the signing of a written rejection of workers' compensation coverage under section 87.22, shall file the policy with and obtain the approval of the commissioner of insurance. The filing shall include the premium rates which will apply to the employers' liability coverage.

83 Acts, ch 36, §6, 8