

11 NCAC 18 .0117 PREMIUM RESERVES

- (a) Unearned premium reserves are required for all MEWAs with respect to the period of coverage for which premiums, other than premiums paid in advance, have been paid beyond the date of valuation.
- (b) If premiums due and unpaid are carried as an asset, such premiums must be treated as premiums in force, subject to unearned premium reserve determination. The value of the unpaid commissions and the cost of collection associated with due and unpaid premiums must be carried as an offsetting liability.
- (c) The minimum unearned premium reserve with respect to any contract is the pro rata gross unearned modal premium that applies to the premium period beyond the valuation date.
- (d) MEWAs may employ suitable approximations or estimates, including groupings, averages, and aggregate estimation, in computing premium reserves. Such approximations or estimates shall be tested periodically to determine their continuing adequacy and reliability.

History Note: *Authority G.S. 58-2-40; 58-49-40; 58-49-60;*
 Eff. July 1, 1992;
 Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 16,
 2014.