

11 NCAC 04 .0502 ASSUMED EXPENSES AND CURRENT SCALE

(a) An insurer may choose to designate each year the method of determining assumed expenses for all policies from the following:

- (1) Fully allocated expenses.
- (2) Marginal expense.
- (3) A table of fully allocated expenses developed by the Actuarial Standards Board and approved by the National Association of Insurance Commissioners.

Marginal expenses may be used only if greater than a generally recognized expense table. If no generally recognized expense table is approved, fully allocated expenses must be used.

(b) Further guidance in determining the disciplined current scale as contained in standards established by the Actuarial Standards Board may be relied upon if the standards:

- (1) Are consistent with all provisions of this Section.
- (2) Limit a disciplined current scale to reflect only actions that have been taken on events that have already occurred.
- (3) Do not permit a disciplined current scale to include any projected trends of improvements in experience or any assumed improvements in experience beyond the illustration date.
- (4) As used in this Rule, "minimum assumed expenses" means the minimum expenses used in the calculation of the disciplined current scale for a policy. Do not permit assumed expenses to be less than minimum assumed expenses.

*History Note: Authority G.S. 58-2-40; 58-58-1; 58-58-40; 58-60-15; 58-60-20; 58-63-15; 58-63-65;
Eff. January 1, 1997;
Readopted Eff. December 1, 2021.*