

11 NCAC 11F .0202 GENERAL

- (a) This Section applies to all accident and health insurance coverages under G.S. 58, Articles 50 through 55.
- (b) When an insurer determines that adequacy of its insurance reserves requires reserves in excess of the minimum standards specified in this Section, such increased reserves shall be held and shall be considered the minimum reserves for that insurer.
- (c) With respect to any block of contracts, or with respect to an insurer's accident and health business as a whole, a prospective gross premium valuation is the ultimate test of reserve adequacy as of a given valuation date. Such a gross premium valuation shall take into account, for contracts in force, in a claims status, or in a continuation of benefits status on the valuation date, the present value as of the valuation date of: all expected benefits unpaid, all expected expenses unpaid, and all unearned or expected premiums, adjusted for future premium increases reasonably expected to be put into effect. Such a gross premium valuation shall be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts or with respect to the insurer's accident and health business as a whole. If inadequacy is found to exist, immediate loss recognition shall be made and the reserves restored to adequacy. Adequate reserves (inclusive of claim, premium, and contract reserves, if any) shall be held with respect to all contracts, regardless of whether contract reserves are required for such contracts under this Section.
- (d) Whenever minimum reserves, as specified in this Section, exceed reserve requirements as determined by a prospective gross premium valuation, such minimum reserves remain the minimum requirement under this Section.
- (e) Adequacy of an insurer's accident and health insurance reserves shall be determined on the basis of claim reserves, premium reserves, and contract reserves, as required in 11 NCAC 11F .0203 through 11 NCAC 11F .0205, combined.

*History Note: Filed as a Temporary Adoption Eff. January 21, 1994 For a Period of 180 Days or Until the Permanent Rule Becomes Effective, Whichever is Sooner;
Statutory Authority G.S. 58-2-40; 58-58-50(k);
Eff. April 1, 1994;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. December 20, 2015.*