

**THE INSURANCE CODE OF 1956 (EXCERPT)**  
**Act 218 of 1956**

**500.703 Claim reserves and claim expense reserves required; conditions; testing for adequacy and reasonableness.**

Sec. 703. (1) Claim reserves are required for all incurred but unpaid claims on all health insurance policies and certificates.

(2) Appropriate claim expense reserves are required with respect to the estimated expense of settlement of all incurred but unpaid claims on health insurance policies and certificates.

(3) All claim reserves on health insurance policies and certificates for prior valuation years are to be tested for adequacy and reasonableness consistent with claim runoff schedules in accordance with the insurer's annual statutory financial statement including consideration of any residual unpaid liability.

**History:** Add. 1994, Act 148, Imd. Eff. June 7, 1994.

**Popular name:** Act 218