

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

500.711 Unearned premium reserves; treatment of premiums due and unpaid; discount of certain gross premiums paid in advance.

Sec. 711. (1) Unearned premium reserves are required for all health insurance policies and certificates with respect to the period of coverage for which premiums, other than premiums paid in advance, have been paid beyond the date of valuation.

(2) If premiums due and unpaid are carried as an asset, such premiums shall be treated as premiums in force, subject to unearned premium reserve determination. The value of unpaid commissions, premium taxes, and the cost of collection associated with due and unpaid premiums shall be carried as an offsetting liability.

(3) The gross premiums paid in advance for a period of coverage commencing after the next premium due date that follows the date of valuation may be appropriately discounted to the valuation date and shall be held either as a separate liability or as an addition to the unearned premium reserve that would otherwise be required as a minimum.

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

Popular name: Act 218