

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

500.713 Minimum unearned premium reserve; basis; sum of unearned premium and contract reserves; limitation.

Sec. 713. (1) The minimum unearned premium reserve with respect to any health insurance policy or certificate is the pro rata unearned modal premium that applies to the premium period beyond the valuation date, with such premium determined on the basis of either of the following:

(a) The valuation net modal premium on the contract reserve basis applying to the health insurance policy or certificate.

(b) The gross modal premium for the health insurance policy or certificate if no contract reserve applies.

(2) The sum of the unearned premium and contract reserves for all health insurance policies and certificates of the insurer subject to contract reserve requirements shall not be less than the gross modal unearned premium reserve on all such health insurance policies and certificates, as of the date of valuation. This reserve shall not be less than the expected claims for the period beyond the valuation date represented by the unearned premium reserve, to the extent not provided for under this chapter.

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

Popular name: Act 218