

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

500.723 Tabular reserves; annual review; increments; restriction of future gross premiums; establishment of contract reserves for insufficiency in aggregate.

Sec. 723. (1) A review shall be made annually of the insurer's prospective contract liabilities on health insurance policies and certificates valued by tabular reserves, to determine the continuing adequacy and reasonableness of the tabular reserves giving consideration to future gross premiums. The insurer shall make appropriate increments to the tabular reserves if the tests indicate that the basis of the reserves is no longer adequate, subject to the minimum standards of section 719.

(2) If an insurer has a health insurance policy or certificate for which future gross premiums will be restricted by contract, insurance bureau regulations, or for other reasons, such that the future gross premiums reduced by expenses for administration, commissions, and taxes will be insufficient to cover future claims, the insurer shall establish contract reserves for the insufficiency in the aggregate.

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

Popular name: Act 218