

## **CHAPTER 45-06-08 LOSS RATIOS**

### Section

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#### **45-06-08-01. Scope.**

These rules apply to all policies providing hospital, surgical, medical, or major medical benefits, including major medical, hospital/surgical, medical expense, and surgical expense policies. This rule does not apply to any contract or plan of insurance that provides exclusively for accident, disability income insurance, specified disease, hospital confinement indemnity, or other limited benefit health insurance.

**History:** Effective July 1, 1994; amended effective March 1, 2004.

**General Authority:** NDCC 26.1-36-37.2

**Law Implemented:** NDCC 26.1-36-37.2

#### **45-06-08-02. Mandated loss ratios - Factors to be considered.**

Mandated loss ratio benefits under the policies specified in section 45-06-08-01 must return benefits to group policyholders in the aggregate of not less than seventy percent of premium received and to individual policyholders in the aggregate of not less than fifty-five percent of premium received. Association group business which is marketed to individuals and individually underwritten and issued is considered individual coverage for loss ratio purposes. These minimum standards must be on the basis of incurred claims experienced and earned premiums for the entire period for which rates are computed to provide coverage in accordance with accepted actuarial principles and practices. In evaluating the experienced loss ratio, due consideration must be given to all relevant factors, including:

1. Statistical credibility of incurred claims experience and earned premiums;
2. The period for which rates are computed to provide coverage;
3. Experienced and projected trends;
4. Concentration of experience within early policy duration;
5. Expected claim fluctuation;
6. Experience refunds, adjustments, or dividends;
7. Renewability features;
8. Interest; and
9. Policy reserves.

**History:** Effective July 1, 1994; amended effective March 1, 2004; January 1, 2008.

**General Authority:** NDCC 26.1-36-37.2

**Law Implemented:** NDCC 26.1-36-37.2

#### **45-06-08-03. Compliance.**

The requirements of this chapter apply to policies issued after January 1, 1994.

**History:** Effective July 1, 1994.

**General Authority:** NDCC 26.1-36-37.2

**Law Implemented:** NDCC 26.1-36-37.2