

2009 NAIC QUARTERLY STATEMENT INSTRUCTIONS – PROPERTY

DEC 2008 REVISIONS

PAGE 41 & 42: **SCHEDULE T**
Revision: Modify bulleted instruction for allocation bases
Reason: clarify appropriate allocation bases provided in the instructions

EDITOR'S NOTE:

The above changes are highlighted within the attached instructions that follow this page.

Recent Blanks Working Group Agenda Items (Exposure Drafts) may be viewed in detail at the following web site:
http://www.naic.org/committees_e_app_blanks.htm.

SCHEDULE T – EXHIBIT OF PREMIUMS WRITTEN

CURRENT YEAR TO DATE – ALLOCATED BY STATES AND TERRITORIES

This schedule is intended to report premiums, losses and other items allocated to each state or territory during the current reporting period, regardless of the reporting entity's license status in that state or territory. Allocation of premiums and the other items reported on this schedule should be based on the physical location of the insured risk (except individual and group health insurance). Amounts reported as losses should be assigned to the state in which the associated premium has been allocated.

All U.S. business must be allocated by state regardless of license status.

Column 1 – Active Status

Use the following codes to identify the Reporting Entity's status for each state or territory reported in the schedule as of the end of the reporting period. Enter the code that applies to the Reporting Entity's status in the state or territory.

| | |
|---------------------------|---|
| L – Licensed or Chartered | (Licensed Insurance Carrier and Domiciled Risk Retention Groups referred to in some states as admitted.) |
| R – Registered | (Non-domiciled Risk Retention Groups) |
| E – Eligible | (Reporting Entities eligible or approved to write Surplus Lines in the state. In some states referred to as nonadmitted.) |
| Q – Qualified | (Qualified or Accredited Reinsurer) |
| N – None of the above | (Not allowed to write business in the state) |

Columns 2 & 3 – Direct Premiums Written

Display year-to-date direct premiums written by state for both the current and the prior year.

Include: Gross premiums, including policy and membership fees, less return premiums and premiums on policies not taken.

Columns 4 & 5 – Direct Losses Paid (Deducting Salvage)

Display year-to-date direct losses paid by state for both the current and the prior year.

Columns 6 & 7 – Direct Losses Unpaid

Display year-to-date direct losses unpaid by state for both the current and the prior year. Include Incurred But Not Reported.

The following is provided to illustrate appropriate allocation bases for specific lines of business:

- For property coverages, such as fire, homeowners, earthquake, boiler and machinery, and burglary and theft, allocation to a specific state based on the state where each covered property is principally physically located.
- If the property is (or potentially is) in transit, such as for marine coverages, allocate to the beginning state location.
- For automobile coverage (property and liability, commercial and personal) premium associated with each vehicle based on the location of the principal garage for each such insured vehicle.
- For workers' compensation premiums, allocate to each state based on each employee's main work place.
- For liability coverage where a separate premium charge is determined for each physical location that may generate liability claims, allocate to the state consistent with the premium determination by physical location.

- For liability coverage where a single premium amount is determined for multiple **locations, allocate** to the state of the principal office.
- **For premiums** written for Federal Purchasing **Groups, allocate** to each state in which members of the group are located.
- **For credit** insurance **premium, allocate** to the residence of the person who ultimately pays the premium. **For credit** insurance purchased by a borrower specific to a particular **loan, allocate** to the residence of the borrower or the location of the lender.
- Accident and health premiums should be allocated as required in the health annual statement as shown below.

Definitions

| | | |
|-----------------------|---|--|
| Resident | – | A member who occupies a dwelling within a state with indications that the state is their primary domicile by payment of taxes, voting registration, and other indicators. |
| Residence | – | The domicile location of a member as shown by his or her determination as a resident. In the context of Schedule T, the residence of the policyowner or group member would equate to the location that the member uses for official documents; information maintained by an employer as the home address of the employee would be accepted as a member's residence for allocation purposes. |
| Situs of the Contract | – | The jurisdiction in which the contract is issued or delivered as stated in the contract. |
| Rule of 500 | – | For individual and group health insurance shall be defined as a premium allocation method for group policies which 1) permits a reporting entity to allocate premiums and other considerations from a non-employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or to the situs of the contract; 2) permits a reporting entity to allocate premiums and other considerations from an employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or are employed or to the situs of the contract; 3) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the jurisdiction where each member resides; and 4) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the jurisdiction where each member resides or is employed. |
| Members | – | A person, employee, retiree, etc., that qualifies for and is covered under a group insurance policy. No consideration should be given to a member's dependents for counting the number of members in a group or in allocating premium and other considerations to the various state and territories. |

Allocation by jurisdictions **for individual and group health insurance**

The instructions are minimum allocation standards. More detailed methods of allocation are acceptable as long as they still encompass the minimum allocation instructions. Methods of allocation that better reflect the actual risk location by jurisdiction are encouraged. The method should be established by company policy and must be consistently applied to all policies within each type and for all reporting periods.

For individual policies, allocate and report premium and other considerations to the jurisdiction based on the residence of the policyowner, insured or payer or on the situs of the contract.

For group policies not provided by an employer, allocate and report premiums and other considerations to the jurisdiction based on the Rule of 500, or on the situs of the contract.