

Ins 6

Filed May 18 - 1959
11:00


STATE OF WISCONSIN)
) ss.
DEPARTMENT OF INSURANCE)

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

I, Paul J. Rogan, Commissioner of Insurance and custodian of the official records of said department, do hereby certify that the annexed rules relating to instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers and interpretations thereof were duly approved and adopted by this department on May 15, 1959.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have here-
unto set my hand and affixed the
official seal of the Department
at the Capitol, in the city of
Madison, this 15th day of May,
A.D., 1959.



Paul J. Rogan
Commissioner of Insurance

ORDER OF THE DEPARTMENT OF INSURANCE


Adopting Rules

Pursuant to authority vested in the Commissioner of Insurance by section 200.03 (2), Wis. Stats., the Commissioner of Insurance hereby adopts rules as follows:

Sections Ins 6.30 and Ins 6.31 of the Wisconsin Administrative Code are adopted to read as in the typewritten pages attached.

The rules contained herein shall take effect on August 1, 1959, as provided in section 227.026 (1), Wisconsin Statutes.

Department of Insurance


Paul J. Hogan
Commissioner of Insurance

Dated May 15, 1959.

Ins 6.30 Instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers. For the purpose of establishing uniformity in classifications of expenses of fire and marine and casualty and surety insurers recorded in statements and reports filed with and statistics reported to the commissioner of insurance, all such insurers shall observe the instructions set forth below. These instructions shall not apply to single line accident and health insurance companies, assessment accident and health associations, hospital and medical service or indemnity organizations, single line title insurance companies, or town mutual insurance companies.

(1) PART I. (a) List of operating expense classifications for annual statement purposes for fire and marine and casualty and surety insurers.

1. Claim Adjustment Services:
 - a. Direct
 - b. Reinsurance Assumed
 - c. Reinsurance Ceded
2. Commission and Brokerage:
 - a. Direct
 - b. Reinsurance Assumed
 - c. Reinsurance Ceded
 - d. Contingent-Net
 - e. Policy and Membership Fees
3. Allowances to Managers and Agents
4. Advertising
5. Boards, Bureaus and Associations
6. Surveys and Underwriting Reports
7. Audit of Assureds' Records
8. Salaries

9. Employee Relations and Welfare
10. Insurance
11. Directors' Fees
12. Travel and Travel Items
13. Rent and Rent Items
14. Equipment
15. Printing and Stationery
16. Postage, Telephone and Telegraph, Exchange and Express
17. Legal and Auditing
18. Taxes, Licenses and Fees:
 - a. State and Local Insurance Taxes
 - b. Insurance Department Licenses and Fees
 - c. Payroll Taxes
 - d. All Other (excluding Federal and Foreign Income and Real Estate)
19. Real Estate Expenses
20. Real Estate Taxes
21. Miscellaneous
 - (b) Instructions relating to operating expense classifications.
 1. Claim Adjustment Services
 - a. Direct

Include the following expenses when in connection with the investigation and adjustment of policy claims:

Independent Adjusters: Fees and expenses of independent adjusters or settling agents.

Legal: Fees and expenses of lawyers for legal services in the defense, trial, or appeal of suits, or for other legal services.

Bonds: Premium costs of bonds.

Appeal Costs and Expenses: Appeal bond premiums; charges for printing records; charges for printing briefs; court fees incidental to appeals.

General Court Costs and Fees: Entry fees and other court costs, and other fees not includable in Losses. Note: Interest and costs assessed as part of or subsequent to judgment are includable in Losses.

Medical Testimony: Fees and expenses of medical witnesses for attendance or testimony at trials or hearings ("Medical" includes physicians, surgeons, chiropractors, chiropodists, dentists, osteopaths, veterinarians, and hospital representatives).

Expert Witnesses: Fees and expenses of expert witnesses for attendance or testimony at trials or hearings.

Lay Witnesses: Fees and expenses of lay witnesses for attendance or testimony at trials or hearings.

Service of Process: Constables', sheriffs' and other fees and expenses for service of process, including subpoenas.

Transcripts of Testimony: Stenographers' fees and fees for transcripts of testimony.

Medical Examinations: Fees for medical examinations, fees for performing autopsies, fees for impartial examination, x-rays, etc., for the purpose of trial and determining questions of liability. This does not include fees for medical examinations, x-rays, etc., made to determine necessary treatment, or made solely to determine the extent or continuation of disability, or first aid charges, as such fees and charges are includable in Losses.

Miscellaneous: Costs of appraisals, expert examinations, surveys, plans, estimates, photographs, maps, weather reports, detective reports, audits, credit or character reports, watchman. Charges for hospital records and records of other kinds, notary fees, certified copies of certificates and legal documents. Charges for Claim Adjustment Services by underwriting syndicates, pools and associations.

Exclude:

Compensation to employees (see Salaries).

Expenses of salaried employees (see Travel and Travel Items).

Items includable in Allowances to Managers and Agents.

Payments to State Industrial Commissions (see Taxes, Licenses and Fees).

Payments to claim adjusting organizations except where the expense is billed specifically to individual companies (see Boards, Bureaus and Associations).

Cost of services of medical examiners for underwriting purposes (see Surveys and Underwriting Reports).

Salvage and subrogation recovery expense, rewards, lost and found advertising, expenses for disposal of salvage. Such expenses shall be deducted from salvage.

Any expenses which by these instructions are includable elsewhere.

Separation of Claim Adjustment Services:

The Statistical Plans filed by certain rating bureaus contain definitions of "Allocated Loss Adjustment Expenses" which exclude for rating purposes certain types of claim adjustment services as defined herein. For the lines of business thus affected, companies which are members of such rating bureaus shall maintain records necessary to the reporting of Claim Adjustment Services - Direct, as defined in Statistical Plans, and other than as defined in Statistical Plans.

b. Reinsurance Assumed

Include: Claim adjustment expenses in bills rendered by ceding companies.

c. Reinsurance Ceded

Include: Claim adjustment expenses billed to assuming insurers.

2. Commission and Brokerage

a. Direct

Include:

All payments, reimbursements and allowances, on direct writings, computed as a percentage of premiums for production, management or other services to

managers, supervising general agents, general agents, regional and district agents, local agents, office agents, brokers, solicitors, and other producers and agents.

Commissions and brokerage to employees when the activities for which the commissions are paid are not a part of their duties as employees.

Exclude:

Compensation to employees except as noted above (see Salaries).

Allowances, reimbursements and payments not computed as a percentage of premiums (see Allowances to Managers and Agents).

Expenses involved in transactions between insurance companies (see Joint Expenses; Commission and Brokerage-Reinsurance Assumed and Ceded; Expenses for Account of Another; and Income from Special Services).

Contingent commission (see Commission and Brokerage-Contingent).

Fees of investment counsel (see Legal and Auditing).

Expenses includable in Boards, Bureaus and Associations.

Taxes on premiums (see Taxes, Licenses and Fees).

Commission received for special services such as loss adjustment and inspection not related to policies issued by the company (see Income from Special Services).

b. Reinsurance Assumed

Commission and allowances of every nature on reinsurance assumed including tax and board allowances and reinsurance brokerage, except contingent commission, shall be included in Commission and Brokerage-Reinsurance Assumed.

Exception: Where commission and allowances under reinsurance assumed take the form of accurate proportions of actual expenses incurred, as in some quota share and pooling agreements, entries shall be made to the actual expenses.

c. Reinsurance Ceded

Commission and allowances of every nature on reinsurance ceded including tax and board allowances and reinsurance brokerage, except contingent commission,

shall be included in Commission and Brokerage-Reinsurance Ceded.

Exception: Where commission and allowances under reinsurance ceded take the form of accurate proportions of actual expenses incurred, as in some quota share and pooling agreements, entries shall be made to the actual expenses.

(Examples Relating to the Treatment of Commission on Reinsurance Assumed and Reinsurance Ceded:

1. Company A cedes business to Company B under a treaty specifying a commission of 35% and an allowance for taxes and board fees of 5%. On the statement filed by Company A, both the 35% and the 5% shall be entered in Commission and Brokerage-Reinsurance Ceded. On the statement filed by Company B, both the 35% and the 5% shall be entered in Commission and Brokerage-Reinsurance Assumed.

2. Company A cedes 10% of all of its business to Company B under an agreement whereby Company B pays 10% of all actual expenses, on such business, incurred by Company A. Assume the expenses of Company A on the business reinsured as follows:

	<u>Paid on Written Business</u>
Commission and Brokerage-Direct	\$100,000
Salaries	30,000
Rent and Rent Items	7,000
Printing and Stationery	7,000
Postage, etc.	5,000
Surveys and Underwriting Reports	8,000
Total	<u>\$157,000</u>

Note: These are not intended to show the complete list of expenses involved but are given only for illustrative purposes.

On the statement filed by Company A the commission and allowances by Company B shall be credited as follows:

	<u>Paid on Written Business</u>
Commission and Brokerage-Reinsurance Ceded	\$ 10,000
Salaries	3,000
Rent and Rent Items	700
Printing and Stationery	700
Postage, etc.	500
Surveys and Underwriting Reports	800
Total	<u>\$ 15,700</u>

On the statement filed by Company B the commission and allowances made to Company A shall be debited as follows:

	<u>Paid on Written Business</u>
Commission and Brokerage-Reinsurance Assumed	\$ 10,000
Salaries	3,000
Rent and Rent Items	700
Printing and Stationery	700
Postage, etc.	500
Surveys and Underwriting Reports	800
Total	<u>\$ 15,700</u>

d. Contingent - Net

Include:

Contingent or profit commission paid.

Contingent or profit commission received.

Contingent commission to employees when the activities for which the contingent commission is paid are not a part of their duties as employees.

e. Policy and Membership Fees

Include:

Policy and membership fees retained by, or paid to, agents.

Policy and membership fees to employees when the activities for which the policy and membership fees are paid are not a part of their duties as employees.

3. Allowances to Managers and Agents

Include: Net allowances, reimbursements and payments for expenses of every nature, not computed as a percentage of premiums, to managers, agents, brokers, solicitors, and other producers.

Exclude:

Compensation to employees (see Salaries).

Expenses of salaried employees (see Travel and Travel Items).

Expenses of management where one insurance company has been appointed manager for another (see Joint Expenses; Commission and Brokerage-Reinsurance Assumed and Ceded; and Expenses for Account of Another).

Contingent commission (see Commission and Brokerage-Contingent).

Policy and membership fees (see Commission and Brokerage-Policy and Membership Fees).

Expenses in connection with owned real estate (see Real Estate Expenses).

Amounts representing exact reimbursements for Losses; Taxes, Licenses and Fees; Boards, Bureaus and Associations; and Advertising; where only the minimum space required by law is taken.

Amounts representing exact reimbursements for Claim Adjustment Services, Surveys and Underwriting Reports and Audit of Assureds' Records when these services are performed by others than employees of managers, agents, brokers, solicitors or other producers.

4. Advertising

Include:

Cost of the following: Services of advertising agents; public relations counsel; space in newspapers, periodicals, billboards, programs, and other publications; circulars, pamphlets, calendars and literature issued for advertising

or promotional purposes; drawings, plates, etchings, etc., in connection with advertising; all charges for printing, paper, etc., in bills covering advertising; radio broadcasts; prospect and mailing lists; signs, frames, medals, etc., for agents; souvenirs for general distribution; directory listings; house organs and similar publications distributed to others than employees; and advertising required by law when more than the minimum space required to comply with the law is taken.

Exclude:

Compensation to employees (see Salaries).

Items includable in Travel and Travel Items, Claim Adjustment Services, and Boards, Bureaus and Associations.

Cost of literature, booklets, placards, signs, etc., issued solely for accident and loss prevention (see Surveys and Underwriting Reports).

Advertising and business development expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors, and other producers (see Allowances to Managers and Agents).

Cost of help wanted advertising (see Employee Relations and Welfare).

Cost of advertising in connection with owned real estate (see Real Estate Expenses).

Cost of house organs and similar publications for the use of employees (see Printing and Stationery).

Donations to organized charities (see Miscellaneous).

Cost of souvenirs not generally distributed (see Travel and Travel Items).

5. Boards, Bureaus and Associations

Include:

Dues, assessments, fees and charges of: underwriters' boards, rating organizations, statistical agencies, inspection and audit bureaus; underwriters' advisory and service organizations including such organizations as Insurance

Executives Association, and Association of Casualty and Surety Companies; accident and loss prevention organizations; claim organizations; underwriting syndicates, pools and associations such as Factory Insurance Association, Oil Insurance Association, assigned risk plans (except Commission and Brokerage, Claim Adjustment Services; and Taxes, Licenses and Fees); ^{and} specific payments to boards, bureaus and associations for rate manuals, revisions, fillers, rating plans and experience data.

Exclude:

Cost of inspection, engineering or accident and loss prevention billed specifically to individual companies (see Surveys and Underwriting Reports).

Loss adjustment expenses billed specifically to individual companies (see Claim Adjustment Services).

Allowances under reinsurance contracts for board and bureau expenses (see Commission and Brokerage - Reinsurance Assumed and Ceded).

Payments to State Industrial Commissions (see Taxes, Licenses and Fees).

Payments into State Security Funds (see Taxes, Licenses and Fees).

Commission and Brokerage, Claim Adjustment Services, and Taxes, Licenses and Fees of underwriting syndicates, pools, and associations such as Factory Insurance Association and Oil Insurance Association.

Cost of survey, credit, moral hazard, character and commercial reports obtained for underwriting purposes (see Surveys and Underwriting Reports).

Cost of commercial reporting services (see Surveys and Underwriting Reports).

Dues and subscriptions to social or civic clubs or affairs (see Travel and Travel Items).

Dues and subscriptions to accounting, legal, actuarial or similar societies and associations (see Travel and Travel Items).

6. Surveys and Underwriting Reports

Include cost of the following:

Survey, credit, moral hazard, character and commercial reports obtained for underwriting purposes.

Commercial reporting services.

Appraisals for underwriting purposes.

Fire records.

Inspection, engineering, and accident and loss prevention billed specifically.

Literature, booklets, placards, signs, etc., issued solely for accident and loss prevention.

Maps and corrections.

Services of medical examiners for underwriting purposes.

Exclude:

Compensation to employees (see Salaries).

Expenses of salaried employees (see Travel and Travel Items).

Items includable in Boards, Bureaus and Associations; Claim Adjustment Services; and Allowances to Managers and Agents.

Cost of character or credit reports on employees or applicants for employment (see Employee Relations and Welfare).

Fees for physical examination of employees or applicants for employment (see Employee Relations and Welfare).

Income from inspections, which shall be classified in accordance with the instruction "Income from Special Services".

7. Audit of Assureds' Records

Include: Auditing fees and expenses of independent auditors for auditing payrolls and other premium bases.

Excludes:

Compensation to employees (see Salaries).

Expenses of salaried employees (see Travel and Travel Items).

Items includable in Claim Adjustment Services.

Items includable in Allowances to Managers and Agents.

8. Salaries

Include:

Salaries, bonus, overtime, contingent compensation, pay while on leave, dismissal allowance, pay while training and other compensation of employees.

Commission and brokerage to employees when the activities for which the commission is paid are a part of their duties as employees.

Exclude: Salaries or wages of janitors, caretakers, maintenance men and agents paid in connection with owned real estate (see Real Estate Expenses).

9. Employee Relations and Welfare

a. Pensions and Insurance Benefits for Employees

Include:

Cost of retirement insurance.

Payments or appropriations to funds irrevocably devoted to the payment of pensions or other employees' benefits.

Pensions or other retirement allowances.

Accident, health and hospitalization insurance for employees.

Group life insurance for employees.

Workmen's compensation insurance.

Payments to or on behalf of employees under self-insurance.

Any other insurance for the benefit of employees.

Exclude:

Cost of insurance on lives of employees when the company is the beneficiary (such cost shall not appear among expenses, but shall be charged to surplus).

Payments or appropriations to pension funds not irrevocably devoted to the payment of pensions or other employees' benefits (such payments or appropriations shall not appear among expenses).

Items includable in Real Estate Expenses.

All other types of insurance premiums.

b. All Other

Include cost of:

Advertising-help wanted.

Training and welfare of employees.

Physical examinations of employees or applicants for employment.
Character or credit reports on employees or applicants for employment.
Gatherings, outings and entertainment for employees.

Visiting nurse service for or on behalf of employees.

Medical and hospital bills for employees (not covered by 9-a).

Direct payments, other than salaries, to employees for injury
and sickness (not covered by 9-a).

Supper money.

Donations to or on behalf of employees.

Food and catering for employees.

Exclude:

Salaries, bonus, overtime, contingent, pay while on leave, dismissal
allowances, pay while training and other compensation of employees
(see Salaries).

Items includable in Real Estate Expenses.

Cost of house organs and similar publications (see Advertising,
and Printing and Stationery).

10. Insurance

Include:

Fidelity or surety bonds covering employees and agents.

Burglary, and robbery insurance premiums.

Public liability insurance premiums (Excl. owned Real Estate).

Premiums for insurance on office contents.

Cost of insurance on automobiles.

All other insurance premiums not specifically provided for in other operating accounts.

Exclude:

Items includable in Employee Relations and Welfare.

Items includable in Real Estate Expenses.

11. Directors' Fees

Include:

Directors' fees and other compensation of directors for attendance at board or committee meetings.

Other fees, compensation, and expenses paid to directors.

Exclude: Commission to directors for the production of business (see Commission and Brokerage-Direct).

12. Travel and Travel Items

Include:

Transportation, hotel, meals, postage, telephone, telegraph, express and incidental living expenses of employees while traveling.

Expenses for transfer of employees.

Depreciation, repairs and other operating expenses of automobiles.

Rent of automobiles.

Fees for automobile license plates.

Cost of transportation, hotel, meals and entertainment of guests.

Cost of favors and presents given or extended to others than employees.

Cost of souvenirs not generally distributed.

Dues and subscriptions to social or civic clubs or affairs.

Dues and subscriptions to accounting, legal, actuarial, or similar societies and associations.

Exclude:

Items includable in Salaries; Advertising; Commission and Brokerage; Taxes, Licenses and Fees; Boards, Bureaus and Associations; and Equipment.

Cost of gatherings, outings, etc., and entertainment for employees (see Employee Relations and Welfare).

Travel and travel items ~~expenses~~ paid, reimbursed, or allowed to managers, agents, brokers, solicitors and other producers (see Allowances to Managers and Agents).

Items includable in Real Estate Expenses.

Donations to organized charities (see Miscellaneous).

Cost of souvenirs for general distribution (see Advertising).

13. Rent and Rent Items

Include:

Rent of home office and branch offices.

Rent for space occupied in buildings owned.

Light, heat, power and water charges in leased premises.

Interest, taxes, etc., paid in lieu of rent for leased premises.

Cost of alterations and repairs of leased premises.

Rent of storage, safekeeping and warehouse space.

Rent of safe deposit boxes.

Rent of post office boxes.

Time clock service charges.

Cost of cleaning, towels, ice, water, electric lamp replacements and other expenses incidental to office maintenance.

Exclude:

Compensation to employees (see Salaries).

Rent of furniture, equipment, and office machines (see Equipment).

Rent of automobiles (see Travel and Travel Items).

Rent allowed, reimbursed, or paid to managers, agents, brokers, solicitors and other producers (see Allowances to Managers and Agents).

Items includable in Real Estate Expenses.

Rent income from owned real estate.

14. Equipment

Include:

Rent and repairs of furniture, equipment and office machines including printers' equipment, postage machines and punched card equipment.

Depreciation on furniture, equipment and office machines.

Exclude:

Compensation to employees (see Salaries).

Rent, repairs and depreciation of automobiles (see Travel and Travel Items).

Cost of alterations and repairs of leased premises (see Rent and Rent Items).

Equipment expenses allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers (see Allowances to Managers and Agents).

Items includable in Real Estate Expenses.

15. Printing and Stationery

Include cost of the following:

Printing, stationery and office supplies such as letterheads, envelopes, paper stock, printed forms or manuals, adding machine tape, carbon paper, binders and posts, photostatic copies, pencils, pens, leads, ink, glue, stamps and stamp pads, staplers, staples, clips and pins, desk top equipment (calendars, trays, etc.), waste baskets, analysis pads, ledgers, journals, minute books, etc.

Policies and policy forms.

Punch cards.

House organs and similar publications for the use of employees. ~~and~~
 Books, newspapers and periodicals including investment, tax and legal
 publications and services.

Exclude:

Compensation to employees (see Salaries).

Specific payments to boards, bureaus and associations for rate
 manuals, revisions, fillers, rating plans and experience data (see
 Boards, Bureaus and Associations).

Cost of literature, booklets, placards, signs, etc., issued
 solely for accident and loss prevention (see Surveys and Underwriting
 Reports); items includable in Claim Adjustment Services; items
 includable in Advertising; printers' equipment in company owned
 printing departments (see Equipment); printing and stationery allowed,
 reimbursed or paid to managers, agents, brokers, solicitors and other
 producers (see Allowances to Managers and Agents); house organs and
 similar publications distributed to others than employees (see Advertising);
 commercial reporting services (see Surveys and Underwriting Reports);
 and items includable in Real Estate Expenses.

16. Postage, Telephone and Telegraph, Exchange and Express

Include:

Express, freight and cartage.

Postage.

Cost of telephone and telegrams, cables, radiograms and
 teletype.

Bank charges for collection and exchange.

Exclude:

Compensation to employees (see Salaries).

Rent, repairs and depreciation of postage machines (see Equipment).

Postage, telephone, telegraph and express of employees while
 traveling (see Travel and Travel Items).

Postage, telephone and telegraph, exchange, and express allowed, reimbursed or paid to managers, agents, brokers, solicitors and other producers (see Allowances to Managers and Agents).

Profits or losses resulting from exchange on remittances to Home Office by a United States Branch. Such profits or losses shall not be included in expenses.

Items includable in Real Estate Expenses.

Rent of post office boxes (see Rent and Rent Items).

17. Legal and Auditing

Include:

Legal retainers, fees and other legal expenses (except on losses and salvage).

Auditing fees of independent auditors for examining records of home and branch offices.

Cost of services of tax experts.

Fees of investment counsel.

Registrar fees.

Custodian fees.

Trustees' fees.

Transfer agent fees.

Fees and expenses of others than employees, for collecting balances.

Notary fees.

Exclude:

Compensation to employees (see Salaries).

Expenses of salaried employees (see Travel and Travel Items).

Items includable in Claim Adjustment Services.

Items Includable in Real Estate Expenses.

Cost of auditing of assureds' records (see Audit of Assureds' Records).

18. Taxes, Licenses and Fees

a. State and Local Insurance Taxes

Include:

State, county and municipal taxes, licenses and fees based upon premiums.

Fire Patrol assessments.

Payments to State Industrial (or other) Commissions for administration of Workmen's Compensation or other State Benefit Acts (including assessments for administering Financial Responsibility Laws) regardless of basis of assessment.

Net payments to State Security Funds, Reopened Case Funds, Second Injury Funds and other State Funds, when construed by the company as operating expenses, regardless of basis of assessment.

Excludes: Allowances for taxes under reinsurance contracts (see Commission and Brokerage - Reinsurance Assumed and Ceded).

b. Insurance Department Licenses and Fees

Include:

Agents' Licenses.

Certificates of authority, compliance, deposit, etc.

Filing fees.

Fees and expenses of examination by insurance departments or other governmental agencies.

Exclude: Items includable in Claim Adjustment Services.

c. Payroll Taxes

Include:

Old age benefit taxes.

Unemployment insurance taxes.

Exclude: Payroll taxes includable in Real Estate Taxes.

d. All other (excluding Federal and Foreign Income and Real Estate)

Include:

Qualifying bond premiums.

Statement publication fees.

Advertising required by law.

Personal property taxes.

State income taxes.

Capital stock taxes.

Business or corporation licenses or fees (not includable under a. or b. of this subparagraph).

Marine profits taxes.

Documentary stamps on reinsurance.

Any other taxes not assignable under a., b., and c. of this subparagraph and not otherwise excluded.

Exclude:

Cost of advertising required by law where more than minimum space required to comply with the law is taken. Such expense shall be included in Advertising.

Real estate taxes, licenses and fees (see Real Estate Taxes).

Items includable in Claim Adjustment Services.

Fees for automobile license plates (see Travel and Travel Items).

Federal and foreign income tax.

Sales taxes, etc., included on invoices of vendors. Such taxes are to follow allocation of cost of items purchased.

19. Real Estate Expenses

Include:

Salaries, wages and other compensation of janitors, caretakers, maintenance men and agents paid in connection with owned real estate.

Cost of operating and maintaining owned real estate.

Cost of insurance in connection with owned real estate.

Cost of advertising in connection with owned real estate.

20. Real Estate Taxes

Include: Taxes, licenses and fees on owned real estate.

21. Miscellaneous

Include: Expenses not listed as includable in other operating expense classifications, and not analogous thereto. Specifically, the following shall be included:

Cost of tabulating service when such service is rendered by outside organizations.

Amounts received and handled in accordance with the instruction "Income from Special Services".

Donations to organized charities.

Differences between actual amounts paid, and amounts apportioned in accordance with the instruction "Joint Expenses".

22. General Instructions in Connection With Operating Expense Classifications

a. Joint Expenses

Whenever personnel or facilities are used in common by two or more companies, or whenever the personnel or facilities of one company are used in the activities of two or more companies, the expenses involved shall be apportioned in accordance with the regulations relating to Joint Expenses, and such apportioned expenses shall be allocated by each company to the same operating expense classifications as if the expenses had been borne wholly. Any difference between the actual amount paid, and the amount of such apportioned expenses shall be included in the operating expense classification "Miscellaneous".

This instruction does not apply to the ~~allocation of the following~~ allocation of the following, which are covered by separate instructions herein:

Reinsurance commission and allowances (see Commission and Brokerage-Reinsurance Assumed and Ceded).

Commission and brokerage paid to managers and agents (see Commission and Brokerage-Direct).

Allowances to managers and agents (see Allowances to Managers and Agents).

Expenses allocable in accordance with the instruction "Income from Special Services".

b. Expenses for Account of Another

Whenever expenses are paid by one company for account of another, the payments shall not appear among the expenses reported by the former, and shall be included by the latter in the same expense classifications as if originally paid by it.

c. Income from Special Services

Whenever an insurance company receives compensation for sales or services, such as loss adjustment or inspection not related to policies written by the company, and such compensation is not calculated as a joint expense reimbursement, the amount thereof shall be included in the operating expense classification "Miscellaneous". Where an insurance company pays the compensation, allocation shall be made to the expense classification dictated by the nature of the expense.

This instruction is of limited applicability and does not apply to the allocation of the following, which are covered by separate instructions herein:

Reinsurance commission and allowances (see Commission and Brokerage-Reinsurance Assumed and Ceded).

Expenses incurred for the benefit of companies in the same group or fleet. Such expenses are covered by the instruction

"Joint Expenses".

d. Analogous Items

The lists of expenses includable in the operating expense classifications are representative and do not **exclude** analogous items which are omitted from the lists.

(INDEX

To Subsection (1) of Wis. Adm. Code section Ins 6.30

The references are to subparagraphs in paragraph (b) of subsection (1).

Accident and loss prevention billed specifically - 6

Accident and loss prevention literature - 6

Accident and loss prevention organizations - 5

Accident insurance for employees - 9-a

Accounting societies, dues and subscriptions to - 12

Actuarial societies, dues and subscriptions to - 12

Adding machine tape - 15

Adjusters - 1-a

Adjustment services - 1

Advertising, operating expense classification - 4

Advertising, help wanted - 9-b

Advertising in connection with owned real estate - 19

Advertising required by law when only the minimum space
required by law is taken - 18-d

Advertising required by law when more than the minimum
space required by law is taken - 4

Advisory organizations - 5

Agents' allowances, reimbursements and payments computed
as percentage of premiums - 2-a

Agents' allowances, reimbursements and payments not computed
as percentage of premiums - 3

Agents' licenses - 18-b

Allocated loss adjustment expenses - 1-a

Allowances to managers and agents, operating expense
classification - 3

Alterations and repairs of leased premises - 13

Analogous items - 22-d

Analysis pads - 15

Appeal costs relating to claim adjustment - 1-a
Appraisals relating to claim adjustment - 1-a
Appraisals for underwriting purposes - 6
Assessments for fire patrol - 18-a
Assessments of boards, bureaus and associations - 5
Associations, underwriting - 5
Attorneys' fees relating to claim adjustment - 1-a
Attorneys' fees - 17
Audit bureaus - 5
Audit of assureds' records, operating expense classification - 7
Auditing relating to claim adjustment - 1-a
Auditing fees of independent auditors for auditing payrolls
and other premium bases - 7
Auditing fees of independent auditors for examining records
of home and branch offices - 17
Automobiles, depreciation, rent, repairs and expenses of - 12;
insurance of - 10
Automobile license plates - 12

Bank charges for collection and exchange - 16
Billboards - 4
Binders and posts - 15
Board allowances, reinsurance - 2-b, 2-c
Boards, bureaus and associations, operating expense
classification - 5
Bonds covering employees - 10
Bonds, premium cost, relating to claim adjustment - 1-a
Bonus to employees - 8
Booklets for accident and loss prevention - 6
Books, newspapers and periodicals including investment,
tax and legal publications and services - 15

Branch office rent - 13

Broadcasts - 4

Brokerage to employees when the activities for which the commissions are paid are not a part of their duties as employees - 2-a

Brokerage to employees when the activities for which the commissions are paid are a part of their duties as employees - 8

Brokerage, direct - 2-a

Brokerage, reinsurance assumed - 2-b

Brokerage, reinsurance ceded - 2-c

Brokers' allowances, reimbursements and payments computed as a percentage of premiums - 2-a

Brokers' allowances, reimbursements and payments not computed as a percentage of premiums - 3

Bureaus - 5

Burglary and robbery insurance premiums - 10

Business licenses - 18-a, 18-b, and 18-d

Cables - 16

Calendars for advertising purposes - 4

Capital stock taxes - 18-d

Carbon paper - 15

Cartage, express and freight - 16

Catering for employees - 9-b

Certificates of compliance - 18-b

Charges for claim adjustment services of underwriting pools, syndicates and associations - 1-a

Character or credit reports relating to claim adjustment - 1-a

Character reports for underwriting purposes - 6

Character reports on employees - 9-b

Charities, contributions to - 21

Circulars, advertising in - 4

Civic clubs, dues and subscriptions to - 12

Claim adjustment services, operating expense classification - 1

Claim adjustment services, separation of - 1-a

Claim organizations - 5

Cleaning costs - 13

Collection charges of banks - 16

Collection fees and expenses of others than employees
for collecting balances - 17

Commercial reports - 6

Commercial reporting services - 6

Commission and brokerage, operating expense classification - 2

Commission and brokerage, direct - 2-a

Commission and brokerage, reinsurance assumed - 2-b

Commission and brokerage, reinsurance ceded - 2-c

Commission and brokerage, tax and board allowances - 2-b, 2-c

Commission and brokerage, reinsurance brokerage - 2-b, 2-c

← Commission and brokerage, contingent or profit - 2-d

Commission and brokerage, policy and membership fees - 2-e

Commission to employees when the activities for which
the commissions are paid are a part of their
duties as employees - 8

Commission under quota share and pool agreements - 2-b, 2-c

Compensation insurance - 9-a

Compensation to janitors, caretakers, etc., paid in
connection with owned real estate - 19

Compensation to employees - 8

Contingent commission - 2-d

Contributions to employees - 9-b

Contributions to organized charities - 21

Copies of certificates and documents relating to
claim adjustment - 1-a

Corporation licenses - 18-a, 18-b, and 18-d

Court costs relating to claim adjustment - 1-a

County and municipal taxes, licenses and fees - 18-a

Credit or character reports relating to claim adjustment - 1-a

Credit or character reports for underwriting purposes - 6

Credit or character reports on employees or applicants
for employment - 9-b

Custodian fees - 17

Depreciation of automobiles - 12

Depreciation of furniture, equipment and office machines - 14

Desk top equipment - 15

Detective reports relating to claim adjustment - 1-a

Direct, claim adjustment services - 1-a

Direct, commission and brokerage - 2-a

Directors' fees, operating expense classification - 11

Directory listings - 4

Dismissal allowances to employees - 8

District agents, payments to - 2-a and 3

Documentary stamps on reinsurance - 18-d

Documents relating to claim adjustment - 1-a

Donations to employees - 9-b

Donations to organized charities - 21

Drawings in connection with advertising - 4

Dues and subscriptions to accounting, legal, actuarial or
similar societies - 12

Dues to social clubs or affairs - 12

Dues to boards, bureaus and associations - 5

Electric lamp replacements - 13

Employees, commission and brokerage to - 2 and 8

Employees' expenses while traveling - 12

Employee relations and welfare, operating expense classification - 9

Engineering billed specifically - 6

Entertainment for employees - 9-b

Entertainment of guests - 12

Entry fees relating to claim adjustment - 1-a

Envelopes - 15

Equipment, operating expense classification - 14
of
Equipment, rent, repairs and depreciation/- 14;
insurance of - 10

Etchings in connection with advertising - 4

Examinations, medical, relating to claim adjustment - 1-a

Exchange - 16

Expenses for account of another - 22-b

Experience data - 5

Expert witnesses relating to claim adjustment - 1-a

Express, freight and cartage - 16

Express, freight and cartage of employees while traveling - 12

Favors and presents given to others than employees - 12

Fees and expenses of others than employees for collecting balances - 17

Fees for automobile license plates - 12

Fees for insurance department examinations - 18-b

Fees, medical, relating to claim adjustment - 1-a

Fees, notary, relating to claim adjustment - 1-a

Fees, notary - 17

Fees of boards, bureaus and associations - 5

Fees on owned real estate - 20

Fees paid to directors - 11

Fees, taxes and licenses - 18

Fidelity bonds covering employees - 10

Filing fees - 18-b

Fire patrol assessments - 18-a

Fire records - 6

Food for employees - 9-b

Frames for agents - 4

Freight, express and cartage - 16

Furniture, depreciation, rent and repairs/- 14;
insurance of - 10

Gatherings for employees - 9-b

General agents, payments to - 2-a and 3

Gifts to employees - 9-b

Glue - 15

Group life insurance for employees - 9-a

Guests, cost of transportation, hotel,
meals and entertainment - 12

Heat, light, power and water charges in
leased premises - 13

Health insurance for employees - 9-a

Help wanted advertising - 9-b

Home office rent - 13

Hospital bills of employees - 9-b

Hospital records relating to claim adjustment - 1-a

Hospitalization insurance for employees - 9-a

Hotel expenses for guests - 12

Hotel expenses for employees while traveling - 12

House organs distributed to others than employees - 4

House organs for use of employees - 15

Ice - 13

Income from special services - 21 and 22-c

Income taxes, state - 18-d

Independent adjusters - 1-a

Industrial commissions - 18-a

Injury payments to employees - 9

Ink - 15

Inspection billed specifically - 6

Inspection bureaus - 5

Insurance, accident - 9-a

Insurance, automobile - 10

Insurance, burglary and robbery - 10

Insurance department examinations - 18-b

Insurance department licenses and fees - 18-b

Insurance, health - 9-a

Insurance, in connection with owned real estate - 19

Insurance, on office contents - 10

Insurance, operating expense classification - 10

Insurance, public liability - 10

Insurance, retirement - 9-a

Insurance, workmen's compensation - 9-a

Interest, taxes, etc., paid in lieu of rent for
Leased premises - 13

Investment counsel fees - 17

Joint expenses - 21 and 22-a

Journals - 15

Lawyers' expenses relating to claim adjustment - 1-a

Lawyers' fees and expenses - 17

Leased premises, cost of alterations and repairs - 13

Leased premises, interest, taxes, etc., paid in lieu of rent - 13

Leased premises, light, heat, power and water charges - 13

Leave pay for employees - 8

Ledgers - 15

Legal and auditing, operating expense classification - 17

Legal expenses relating to claim adjustment - 1-a

Legal expenses - 17

Legal societies, dues and subscriptions to - 12

Letterheads - 15

Licenses on owned real estate - 20

Licenses, taxes and fees - 18

License plates, automobile - 12

Life insurance for employees - 9-a

Light, heat, power and water charges in leased premises - 13

Literature for accident and loss prevention - 6

Literature for advertising purposes - 4

Local agents, payments to - 2-a and 3

Local insurance taxes - 18-a

Loss adjustment expenses - 1

Loss prevention billed specifically - 6

Loss prevention literature - 6

Loss prevention organizations - 5

Machines, depreciation, rent and repairs of - 14;
insurance of - 10

Mailing lists - 4

Maintaining owned real estate - 19

Managers, payments to - 2-a and 3

Maps relating to claim adjustment - 1-a

Maps and corrections - 6

Marine profits taxes - 18-d

Meals for employees while traveling - 12

Meals for guests - 12

Medals for agents - 4

Medical bills of employees - 9-b

Medical examinations relating to claim adjustment - 1-a

Medical examiners, services of, for underwriting purposes - 6

Medical testimony relating to claim adjustment - 1-a

Membership and policy fees - 2-e

Minute books - 15

Miscellaneous, operating expense classification - 21

Moral hazard reports - 6

Municipal and county taxes, licenses and fees - 18-a

Newspapers, advertising in - 4

Newspapers, books, periodicals, etc., including investment,
tax and legal publications and services - 15

Notary fees - 17

Notary fees relating to claim adjustment - 1-a

Nurse service to employees - 9-b

Office agents, payments to - 2-a and 3

Office machines, depreciation, rent and repairs of - 14;
insurance of - 10

Office maintenance expense - 13

Office rent - 13

Office supplies - 15

Old age benefit taxes - 18-c

Operating expenses of owned real estate - 19

Overtime - 8

Outings for employees - 9-b

Pamphlets, advertising in - 4

Paper in bills covering advertising - 4

Paper stock - 15

Payroll audit - 7

Payroll taxes - 18-c

Pencils and pens - 15

Pensions - 9-a

Periodicals, advertising in - 4

Periodicals, newspapers, books, etc., including investment,
tax and legal publications and services - 15

Personal property taxes - 18-d

Photographs relating to claim adjustment - 1-a

Photostatic copies - 15

Physical examinations of employees - 9-b

Pins - 15

Placards for accident and loss prevention - 6

Plates in connection with advertising - 4

Policies and policy forms - 15

Policy and membership fees - 2-e

Policy claims, investigation and adjustment - 1-a

Pools and associations - 5

Pool and quota share agreements - 2-b and 2-c

Post office boxes, rent of - 13

Postage machines - 14

Postage expenses incurred by employees while traveling - 12

Postage, telephone, telegraph, exchange and
express, operating expense classification - 16

Power, light, heat and water charges in leased premises - 13

Premium cost of bonds relating to claim adjustment - 1-a

Premium taxes, licenses and fees - 18-a

Premiums for insurance on office contents - 10

Presents and favors given to others than employees - 12

Printed forms - 15

Printers' equipment, rent, repairs and depreciation of - 14;
insurance of - 10

Printing and stationery, operating expense classification - 15

Printing and stationery relating to claim adjustment - 1-a

Printing in bills covering advertising - 4

Process, service of, relating to claim adjustment - 1-a

Producers, payments to - 2-a and 3

Profit commission - 2-d

Programs, advertising in - 4

Prospect lists - 4

Public liability insurance premiums - 10

Public relations counsel - 4

Publication fees - 18-d

Publications, advertising in - 4

Publications such as house organs, for use of employees - 15

Punch cards - 15

Punched card equipment - 14

Punched card services - 21

Qualifying bond premiums - 18-d

Quota share and pool agreements - 2-b and 2-e

Radio broadcasts - 4

Radiograms - 16

Rate manuals - 5

Rating organizations - 5

Rating plans - 5

Real estate expenses, operating expense classification - 19

Real estate taxes, operating expense classification - 20

Regional agents, payments to - 2-a and 3

Registrar fees - 17

Reinsurance assumed, claim adjustment services - 1-b

Reinsurance assumed, commission and brokerage - 2-b

Reinsurance ceded, claim adjustment services - 1-c

Reinsurance ceded, commission and brokerage - 2-c

Rent and rent items, operating expense classification - 13

Rent of furniture, equipment and office machines - 14

Rent of automobiles - 12

Reopened case funds - 18-a

Repairs and alterations in leased premises - 13

Repairs of automobiles - 12

Repairs of furniture, equipment and office machines - 14

Retirement allowances - 9-a

Retirement insurance - 9-a

Safe deposit boxes, rent of - 13

Safekeeping, storage and warehouse space, rent of - 13

Salaries, operating expense classification - 8

Salaries paid in connection with owned real estate - 19

Second injury funds - 18-a

Security funds - 18-a

Service organizations - 5

Services, tabulating, rendered by outside organizations - 21

Sickness payments to employees - 9

Signs for accident and loss prevention - 6

Signs for agents - 4

Solicitors, payments to - 2-a and 3

Souvenirs for general distribution - 4

Souvenirs not generally distributed - 12

Social clubs, dues and subscriptions to - 12

Space occupied in buildings owned - 13

Stamp pads - 15

Staples and staplers - 15

State income taxes - 18-d

State industrial commissions - 18-a

State insurance taxes - 18-a

State licenses and fees - 18-b

State premium taxes, licenses and fees - 18-a

State security funds - 18-a

Statement publication fees - 18-d

Stationery - 15

Statistical services - 21

Statistical agencies - 5

Stenographers' fees relating to claim adjustment - 1-a

Stock taxes - 18-d

Storage, safekeeping and warehouse space, rent of - 13

Subpoenas relating to claim adjustment - 1-a

Subscriptions to accounting, legal, actuarial
and similar societies - 12

Subscriptions to social or civic clubs or affairs - 12

Supper money - 9-b

Surety bonds covering employees - 10

Survey reports relating to claim adjustment - 1-a

Surveys and underwriting reports, operating expense classification - 6

Syndicates, underwriting - 5

Tabulating services - 21

Tax allowances, reinsurance - 2-b and 2-c

Tax expert services - 17

Taxes, interest, etc., paid in lieu of rent for
leased premises - 13

Taxes, licenses and fees, operating expense classification - 18

Taxes, real estate - 20

Telephone and telegraph - 16

Telephone and telegraph expenses of employees
while traveling - 12

Teletype - 16

Time clock service charges - 13

Towels - 13

Training of employees - 9-b

Training pay of employees - 8

Transcripts of testimony relating to claim adjustment - 1-a

Transfer agents' fees - 17

Transfer of employees - 12

Transfer taxes - 18-d

Transportation of guests - 12

Transportation of employees - 12

Travel and Travel Items, operating
expense classification - 12

Traveling expenses of employees - 12

Trustees' fees - 17

Underwriters' boards - 5

Underwriting reports - 6

Underwriting syndicates - 5

Unemployment insurance taxes - 18-c

Visiting nurse service - 9-b

Wages paid in connection with owned real estate - 19

Warehouse, storage and safekeeping space, rent of - 13

Waste baskets - 15

Water, light, heat and power in leased premises - 13

Watchman expenses relating to claim adjustment - 1-a

Weather reports relating to claim adjustment - 1-a

Welfare of employees - 9-b

Witnesses relating to claim adjustment - 1-a

Workmen's compensation insurance - 9-a

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(2) PART II. (a) Instructions relating to the allocation of joint expenses to companies.

1. Joint Expenses

a. Joint Expenses, as described in Ins 6.30 (1) (b) 22-a, shall be allocated to companies as follows:

<u>Expenses to be Allocated to Companies</u>	<u>Bases of Allocation to Companies</u>
Advertising	Premiums
Boards, Bureaus and Associations	Special Studies
Surveys and Underwriting Reports	Special Studies
Audit of Assureds' Records	Special Studies
Salaries	See Special Instructions Relating to the Allocation of Salaries and Other Expenses (Ins 6.30 (5))
Employee Relations & Welfare	Overhead on Salaries
Insurance	Overhead on Salaries
Travel and Travel Items	Special Studies
Rent & Rent Items	Overhead on Salaries
Equipment	Overhead on Salaries
Printing and Stationery	Overhead on Salaries
Postage, Telephone and Telegraph, Exchange and Express	Overhead on Salaries
Legal and Auditing	Special Studies
Payroll Taxes	Overhead on Salaries
Miscellaneous	Special Studies

b. Definitions

The term Premiums used as a basis of allocation means the allocation of expenses shall follow the percentages of applicable premiums.

The term Special Studies used as a basis of allocation means that expenses shall be analyzed and bases of allocation applied as dictated by that analysis.

The term Overhead on Salaries used as a basis of allocation means that the allocation of expenses shall follow the percentages of the applicable salaries allocation.

c. Other Bases Permitted or Prescribed

For those operating expense classifications permitting the basis, Overhead on Salaries or Premiums, any other basis of allocation may be adopted which yields more accurate results. The bases Overhead on Salaries and Premiums shall not be used if clearly inappropriate.

d. Other Instructions Applicable

In making any allocations of Joint Expenses, companies shall observe the General Instructions Regarding Allocation Bases (see Ins 6.30 (5) (a) 2.).

e. Records Required

The methods followed in allocating Joint Expenses shall be described, kept and supported as set forth under Detail of Allocation Bases (See Ins 6.30 (5) (a) 3-e).

The effects of the application, to each operating expense classification, of all bases of allocation shall be shown on records kept in clear and legible form. Such records shall be readily available for examination.

f. Interim Allocations of Joint Expenses

It is permissible to apportion expenses between companies during the year on the basis of methods and procedures other than those prescribed herein, provided allocations of corrected amounts, calculated in accordance with these instructions, are made in time for entry in the Annual Statement.

(3) PART III. (a) Instructions relating to the composition of, and allocation to, expense groups.

1. List of Expense Groups

Expenses reported in the operating expense classifications shall be allocated to the following expense groups:

Investment Expenses.

Loss Adjustment Expenses.

Acquisition, Field Supervision and Collection Expenses.

Taxes.

General Expenses.

2. Composition of the Expense Groups

The composition of each expense group shall be as follows:

a. Investment Expenses

Investment Expenses shall comprise all expenses incurred wholly or partially in connection with the investing of funds and the obtaining of investment income, including related expenses incurred in the following activities: initiating or handling orders and recommendations; doing research; pricing; appraising and valuing; paying and receiving; entering and keeping general and detail records; safe keeping; collecting, recording, calculating and accruing investment income; general clerical, secretarial, office maintenance, supervisory and executive duties; handling personnel, supplies, mail, etc.; and all other activities reasonably attributable to the investing of funds and the obtaining of investment income.

b. Loss Adjustment Expenses

Loss Adjustment Expenses shall comprise all expenses incurred wholly or partially in connection with the adjustment and recording of policy claims, including the totals of the operating expense

classification, Claim Adjustment Services; the types of expenses included in Claim Adjustment Services, when the activities resulting in such types of expenses are performed by employees; and including related expenses incurred in the following activities: estimating amounts of claims; paying and receiving; entering and keeping general and detail records; general clerical, secretarial, office maintenance, supervisory and executive duties; handling personnel, supplies, mail, etc.; and all other activities reasonably attributable to the adjustment and recording of policy claims in connection with claims reported, paid, and outstanding, and reinsurance thereon.

c. Acquisition, Field Supervision and Collection Expenses

Acquisition, Field Supervision and Collection Expenses shall comprise all expenses incurred wholly or partially in the following activities:

Soliciting and procuring business and developing the sales field.

Writing policy contracts, and checking and directly supervising the work of policy writers.

Receiving and paying of premiums and commissions; entering into or setting up records of premiums and commissions receivable and payable for collection purposes; balancing and maintaining such records; corresponding with and visiting insureds and producers for the purpose of collecting premiums or adjusting differences; checking current accounts from producers; auditing of records of delinquent agents; and services of collection agencies. Do not include activities in connection with accounts receivable from and payable to branch or other offices within the company.

Compiling and distributing expiration lists, notices of premiums due, lists of premiums or premium balances receivable and payable,

contingent and other commission statements, production statements for acquisition and field supervision purposes, and similar data.

Maintaining good will of insureds and producers; activities of field men; contact work relating to acquisition, field supervision and collection; making contracts and agreements with producers; and activities in connection with agency appointments and replacements. Do not include: inspections of risks when carried on by personnel employed by the insurance company, engaged full time in physical inspection of risks and activities directly related thereto; audits for the purpose of premium determination; and activities in connection with the adjustment of policy claims.

Rendering service to agents and other producers, such as providing office space, personnel, telephones, etc., and obtaining agents' licenses. Do not include fees paid for agents' licenses.

Advertising and publicity of every nature related to acquisition, field supervision and collection. In addition to applicable salaries, etc., include the entire amount shown in the operating expense classification, Advertising.

Miscellaneous activities of agents, brokers and producers other than employees, when performed by them: inspections; quoting premiums; signing policies; examining and mailing policies, applications and daily reports; compiling figures for current accounts; correspondence and sundry bookkeeping and clerical work.

Other activities reasonably attributable to those operations listed above, such as: keeping general and detail records; paying and receiving; general clerical, secretarial, office maintenance, supervisory and executive work; and handling personnel, supplies, mail, etc.

Commission and Allowances: When the whole or a part of any amount in the operating expense classifications Commission and Brokerage-Direct, and Allowances to Managers and Agents is paid specifically for services other than those set forth under Acquisition, Field Supervision and Collection Expenses, and when such services are not duplicated or otherwise compensated by the company, the amount thereof shall be allocated to expense groups other than Acquisition, Field Supervision and Collection, and such allocations shall be justified by detailed statements and data calculated and prepared in accordance with the methods described in these instructions showing amounts of expenditures, properly allocated to expense groups and lines of business.

When Allowances to Managers and Agents represent a division of expenses shared with other companies, the aforementioned statements and data shall show the division of such shared expenses calculated and prepared in accordance with the methods prescribed in these instructions.

The calculation and preparation of the aforementioned statements and data shall be subject to verification and audit by insurance department personnel.

The instructions under the heading Commission and Allowances do not apply to Commission and Brokerage-Reinsurance Assumed, or Commission and Brokerage-Reinsurance Ceded.

d. Taxes

Taxes shall comprise the totals of the operating expense classification Taxes, Licenses and Fees.

e. General Expenses

General Expenses shall comprise all expenses not assignable by these ~~instructions~~ ^{instructions} to other expense groups.

3. Allocation to Expense Groups

a. Expenses shall be allocated to expense groups as follows:

Expenses to be Allocated to Expense Groups

Allocation to Expense Groups

Claim Adjustment Services:

Direct	Loss Adjustment Expenses
Reinsurance Assumed	Loss Adjustment Expenses
Reinsurance Ceded	Loss Adjustment Expenses

Commission and Brokerage:

Direct	See Commission and Allowances (Ins 6.30 (3) (a) 2-c)
Reinsurance Assumed	Acquisition, Field Supervision and Collection Expenses
Reinsurance Ceded	Acquisition, Field Supervision and Collection Expenses
Contingent-Net	Acquisition, Field Supervision and Collection Expenses
Policy and Membership Fees	Acquisition, Field Supervision and Collection Expenses

Allowances to Managers and Agents	See Commission and Allowances (Ins 6.30 (3) (a) 2-c)
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Advertising	Acquisition, Field Supervision and Collection Expenses
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Boards, Bureaus and Associations	General Expenses
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Surveys and Underwriting Reports	General Expenses
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Audit of Assureds' Records	General Expenses
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Salaries	See Special Instructions Relating to the Allocation of Salaries and Other Expenses (Ins 6.30 (5))
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Employee Relations and Welfare	Overhead on Salaries
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Insurance	Overhead on Salaries
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Directors' Fees	Overhead on Salaries
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Travel and Travel Items	Special Studies
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2. Allocation of Expenses to Lines of Business

a. The allocation of expenses to lines of business shall be by expense groups. Each classification of expense within each expense group shall be allocated separately to lines of business on the bases of allocation prescribed as follows.

All bases employed in such allocations shall be applicable and appropriate to the expense group of which such expense is a part.

Example - Expenses which are allocated to lines of business as an Overhead on Salaries shall be calculated in relation only to the salaries included in the same expense group.

<u>Expenses Included in the Expense Group, Loss Adjustment Expenses</u>	<u>Bases of Allocation to Lines of Business</u>
Claims Adjustment Services:	
Direct	Actual
Reinsurance Assured	Actual
Reinsurance Ceded	Actual
Commission and Brokerage-Direct	See Commission and Allowances (Ins 6.30 (3) (a) 2-c)
Allowances to Managers and Agents	See Commission and Allowances (Ins 6.30 (3) (a) 2-c)
Salaries	See Special Instructions Relating to the Allocation of Salaries and Other Expenses (Ins 6.30 (5))
Employee Relations and Welfare	Overhead on Salaries
Insurance	Overhead on Salaries
Directors' Fees	Overhead on Salaries
Travel and Travel Items	Special Studies
Rent and Rent Items	Overhead on Salaries
Equipment	Overhead on Salaries
Printing and Stationery	Overhead on Salaries

Postage, Telephone and Telegraph, Exchange and Express	Overhead on Salaries
Legal and Auditing	Special Studies
Income from Special Services	Special Studies
Miscellaneous	Special Studies

Expenses Included in the
Expense Group, Acquisition,
Field Supervision and
Collection Expenses

Bases of Allocation
to Lines of Business

Commission and Brokerage:

Direct	Actual, but Subject to Instructions under Commission and Allowances (Ins 6.30 (3) (a) 2-c)
Reinsurance Assumed	Actual
Reinsurance Ceded	Actual
Contingent-Net	Special Studies
Policy and Membership Fees	Actual
Allowances to Managers and Agents	Special Studies, but Subject to Instructions under Commission and Allowances (Ins 6.30 (3) (a) 2-c)
Advertising	Premiums
Salaries	See Special Instructions Relating to the Allocation of Salaries and Other Expenses (Ins 6.30 (5))
Employee Relations and Welfare	Overhead on Salaries
Insurance	Overhead on Salaries
Directors' Fees	Overhead on Salaries
Travel and Travel Items	Special Studies
Rent and Rent Items	Overhead on Salaries
Equipment	Overhead on Salaries
Printing and Stationery	Overhead on Salaries
Postage, Telephone and Telegraph, Exchange and Express	Overhead on Salaries

are not solely related to the work performed by one unit, such as some in supervisory positions, shall be listed separately by title or job classification.

Column 2: Gross salaries applicable to each unit shown in Column 1.

Columns 3, 4 and 5: These columns are for use when the Salaries classification is affected by allocations made to other companies.

A separate line is to be used for the allocation to each company or group of companies. When intercompany allocations are not made, or when quota share percentages can be applied to fleet totals, Columns 3, 4 and 5 need not be used.

Designating numbers shall be entered in Column 4 for the methods used in intercompany allocations.

Column 6: Designating numbers shall be entered in this column for the methods used in allocating salaries to expense groups.

Columns 7 to 10: The amounts assigned to each expense group shall be in accordance with the method shown in Column 6. At the side of each expense group column (except the column Investment Expenses) is shown a narrow column captioned "Line Dist.", wherein shall be entered designating numbers for the methods to be followed in distributing salaries to ~~xxxxxx~~ lines of business.

Second: Pool and Quota Share Reinsurance. When quota share reinsurance is in effect and when salaries may be allocated in strict accordance with the quota share percentages, the amounts shown in the Allocation of Salaries Form may be those subject to quota share. Quota share percentages may, in such cases, be applied to the totals either on the Allocation of Salaries or the Recapitulation of Salaries.

Third: Branch and Field . Branch office salaries shall be shown separately in the Allocation of Salaries and in the Recapitulation of Salaries. In combining branch employees into similarly employed units, it shall be permissible to consider as a unit all similarly employed personnel in all branch offices having similar functions, and handling approximately the same relative volume of each line of business.

Fourth: Salary Reimbursements to Other Companies. Due to expense sharing with another company, outside of the company or fleet, debits may appear in the salary accounts for reimbursements to outside companies. Such payments are to be shown under separate caption in the Allocation of Salaries. Where such payments amount to less than 10% of gross salaries paid by the company to its own employees, the amounts shown on the Allocation of Salaries may be distributed as an overhead on all other salary distributions. If more than 10%, the distribution shall be obtained from the other company.

Fifth: Salaries Not Specifically Reimbursable. When the employees of a company devote time to the affairs of another company, and the reimbursements therefor are handled in accordance with the instructions, Expenses for Account of Another or Income from Special Services (see Ins 6.30 (1) (b) 22-b and 22-c) the salaries for each similarly employed unit applicable to work done for such other company shall be shown separately on the Allocation of Salaries (in Columns 3 to 10 incl.).

b. Recapitulation of Salaries Form

When all distributions called for on the Allocation of Salaries Form have been completed, the Recapitulation of Salaries shall be made.

For each company to which salaries have been allocated on the Allocation of Salaries Form, the amounts shown in each expense group ~~the~~ column shall be combined by/line distribution codes shown in the "Line Dist." columns. The totals thus obtained shall be entered on the Recapitulation of Salaries Form and allocated to ~~various~~ lines of business in accordance with the line distribution codes.

The form, Recapitulation of Salaries is shown in three parts, B-1, B-2, and B-3. B-1 is for Loss Adjustment Expenses, B-2 is for Acquisition, Field Supervision and Collection Expenses, and B-3 is for General Expenses. For purposes of illustration, the specimen entries, applicable to Company A, made on the Allocation of Salaries Form have been continued on the Recapitulation of Salaries Form. Note that, for Company A, the figures in the expense group columns on the Allocation of Salaries Form have been combined by "Line Dist." codes, entered on the Recapitulation of Salaries Form, and then spread to ~~various~~ lines of business based on the "Line Dist." codes.

c. Detail of Allocation Bases Form

The bases of allocation used on the Allocation of Salaries Form shall be fully described on the Detail of Allocation Bases Form. There shall be a separate sheet for each basis and the sheets shall be kept in consecutive numerical order, available at all times for examination.

When the basis of allocation cannot be fully described on the form, subsidiary worksheets, compilations and data shall be either attached to the form or filed separately and readily available.

The Detail of Allocation Bases Form and all subsidiary worksheets, compilations and data shall be clear and legible; shall show the sources, detail and dates of all figures used; shall disclose the names of persons

or groups responsible for all compilations, data, calculations, studies, estimates, judgment factors, weightings, etc., and the dates thereof; and, in general shall include complete explanations of all figures used and decisions made.

Note: The Detail of Allocation Bases Form need not be prepared each year, but with appropriate changes in supporting worksheets, etc., may remain current as long as the bases are in effect.

The Detail of Allocation Bases Form is identified as Form C and four illustrations of the form are shown. The allocation bases No. 1, 101, 105 and 501 shown on the Allocation of Salaries Form have been carried into the forms and specimen explanations given.

FORM A

ALLOCATION OF SALARIES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Title of Similarly Employed Units (Each unit may comprise one or more individuals)	Gross Salaries	Allocation of Gross Salaries in Column 2 to Companies Including the Employing Company		Method of Allocation to Expense Groups	Investment Expenses	Loss Adjustment Expenses	Acquisition Field Supervision and Collection	General Expenses	
		Company	Method of Allocation						Amount
General Accounting Dept.									
Investment Records	\$ 3,000	A	#1	\$2,000	#101	\$2,000			
		B		1,000		1,000			
Premium Tax Returns	6,000	A	#2	4,500	#103			\$4,500	#503
		B		1,500				1,500	
Internal Auditing	15,000	A	#3	10,000	#105	1,000	\$4,000	\$1,000	4,000
		B		5,000		500	2,150	200	2,150
General Bookkeeping	30,000	A	#4	21,500	#107	1,075	6,450	1,075	12,900
		B		8,500		425	2,550	425	5,100
Manager and Assistant	15,000	A	#5	10,500	#109	1,155	2,940	525	5,880
		B		4,500		540	1,305	180	2,475

Note: Totals in Col. 5 for each similarly employed unit must equal amount in Col. 2

RECAPITULATION

Company A		B-1 LOSS ADJUSTMENT EXPENSES					
Allocation Bases (From "Line Dist." columns on Allocation of Salaries)	Total	Automobile Bodily Injury and Property Damage	Automobile Physical Damage and Theft	Workmen's Compensation	Liability and Collision ex. Auto	Glass	Burgla and Theft
#501	\$13,390	\$ 4,820		\$ 6,026	\$ 1,741	\$ 268	\$ 134

Company A		B-2 ACQUISITION, FIELD SUPERVISION AND COLLECTION EXPENSES					
Allocation Bases (From "Line Dist." columns on Allocation of Salaries)	Total	Automobile Bodily Injury and Property Damage	Automobile Physical Damage and Theft	Workmen's Compensation	Liability and Collision ex. Auto	Glass	Burgla and Theft
#502	\$ 2,600	\$ 910		\$ 1,248	\$ 286	\$ 52	\$ 26

Company A		B-3 GENERAL EXPENSES					
Allocation Bases (From "Line Dist." columns on Allocation of Salaries)	Total	Automobile Bodily Injury and Property Damage	Automobile Physical Damage and Theft	Workmen's Compensation	Liability and Collision ex. Auto	Glass	Burgla and Theft
#502	\$22,780	\$ 7,973		\$10,934	\$ 2,506	\$ 456	\$ 228
#503	4,500	904		3,011	308	110	47

FORM C
Illustration 1

DETAIL OF ALLOCATION BASES

Company	ALPHA GROUP	Basis	VALUE OF INVESTMENTS		
Purpose	INTERCOMPANY ALLOCATION				
Number	1				
<u>EXPLANATION OF BASIS</u>					
Based on statement values of bonds and stocks owned (See memo of Allocation Committee 11/14/53)					
<u>APPLICATION OF BASIS</u>					
Company	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>
A	66-2/3%				
B	33-1/3%				

FORM C
Illustration 2

D E T A I L O F A L L O C A T I O N B A S E S

<u>Company</u>	ALPHA GROUP	<u>Basis</u>	DIRECT
<u>Purpose</u>	ALLOCATION TO EXPENSE GROUPS		
<u>Number</u>	101		

EXPLANATION OF BASIS

Direct to Investment Expenses. This basis is applicable to the positions and units listed on the memo dated 11/14/58 from the Allocation Committee.

APPLICATION OF BASIS

Expense Groups	1958	1959	1960	1961	1962
<u>Company A</u>					
Investment Expenses	100%				
Loss Adjustment Expenses					
Acquisition, Field Supervision and Collection Expenses					
General Expenses					
<u>Company B</u>					
Investment Expenses	100%				
Loss Adjustment Expenses					
Acquisition, Field Supervision and Collection Expenses					
General Expenses					

DETAIL OF ALLOCATION BASES

Company	ALPHA GROUP	Basis	NO. OF LOSS ENTRIES
Purpose	ALLOCATION TO LINES OF BUSINESS		
Number	501		

EXPLANATION OF BASIS

The Allocation Committee, in consultation with Mr. Jones, General Adjuster, decided to allocate auditing and bookkeeping work, done in connection with losses, on the basis of number of loss entries, modified by certain weightings and discounts. Memo from the Allocation Committee dated 7/18/58, together with work sheet, tabulations, etc., are attached hereto.

APPLICATION OF BASIS

	1958	1959	1960	1961	1962
<u>Company A</u>					
Auto BI and PD	36%				
Auto Physical Damage and Theft					
Workmen's Compensation	45%				
Liability and Collision ex. Auto	13%				
Glass	2%				
Burglary and Theft	1%				
Fire and Allied Lines					
Homeowners Multiple Peril					
Commercial Multiple Peril					
Inland Marine					
Ocean Marine					
Fidelity	1%				
Surety	2%				
Boiler and Machinery					
Accident and Health					
Other					
Total	100%				
<u>Company B</u>					
Auto BI and PD					
Auto Physical Damage and Theft					
Workmen's Compensation					
Liability and Collision ex. Auto					
Glass	11%				
Burglary and Theft	7%				
Fire and Allied Lines					
Homeowners Multiple Peril					
Commercial Multiple Peril					
Inland Marine					
Ocean Marine					
Fidelity	23%				
Surety	59%				
Boiler and Machinery					
Accident and Health					
Other					
Total	100%				

Ins 6.31 Interpretations of the instructions for uniform classifications of expenses of fire and marine and casualty and surety insurers.

(1) PURPOSE. (a) This rule is intended to implement and interpret uniform accounting instructions in Wisconsin Administrative Code section Ins 6.30.

1. The following kinds of expense shall be allocated to indicated operating expense classifications.

<u>Kind of Expense</u>	<u>Allocation to Operating Expense Classification</u>
a. Payments, based on a percentage of premiums or losses, to independent claim adjusters where none of the activities of the payees are concerned with the production of business.	Claim Adjustment Services
b. Payments, based on a percentage of premiums or losses, to independent attorneys-at-law for investigation, adjustment and settlement of claims where none of the activities of the payees are concerned with the production of business.	Claim Adjustment Services
c. Cost of cafeteria equipment.	Equipment
d. Salaries paid in connection with the operation of a company cafeteria.	Salaries
e. Cost of food used in company cafeteria.	Employee Relations and Welfare
f. Cost of food license fees in connection with the operation of a company cafeteria.	Employee Relations and Welfare
g. Cost of telephone directory listings.	Postage, Telephone and Telegraph, Exchange and Express
h. Fees paid in connection with stockholders' meetings, such as fees to tellers and inspectors of elections.	Legal and Auditing
i. Payment to an independent efficiency engineer for an inside on-the-job analysis of a company's operations and procedures.	Legal and Auditing
j. Cost of credit reports on agents.	Surveys and Underwriting Reports

- k. Payment made in settlement of damage suit brought by an agent because of the termination of his contract. Miscellaneous
- l. Premium for group life insurance coverage of janitor, in connection with company owned real estate. Real Estate Expenses
- m. Cost of pensions, in connection with company owned real estate. Real Estate Expenses
- n. Service fees for servicing real estate owned. Real Estate Expenses
- o. Service fees for servicing of mortgages held. Legal and Auditing
- p. Cost of policy typing service, when such service is rendered by "outside" personnel (contract typists). Miscellaneous
- q. Cost of "outside" special assistance employed by a company for the purpose of changing its filing system from a numerical arrangement to a digit system. Legal and Auditing

2. a. When contingent commission payments are large in number and small in average amount, a method of allocation based on the over-all profit in each line of business should yield reasonably correct allocations.

b. Company-owned automobiles and equipment may be depreciated on a 100% basis.

c. A company may carry company-owned automobiles and equipment as an asset (non-admitted) and deduct depreciation each year.

d. Handling of certain filing charges: Where a company sells a policy to a long haul firm and that firm requests that the insuring company make a "filing" with a State Commerce Commission in a state in which it is not licensed and another insurance company on behalf of the first insurance company actually issues the policy and makes the required filing, charging a nominal fee for the transaction, the company receiving the fee should credit it to "Direct Premiums" and the company paying the fee should charge it to "Direct Premiums."

3. The following kind of expense shall be allocated to the indicated expense group:

<u>Kind of Expense</u>	<u>Allocation to Expense Group</u>
All expenses includable in Taxes, Licenses and Fees.	Taxes, licenses and fees applicable solely to investments should be allocated to the expense group, Investment Expenses. All other taxes, licenses and fees should be allocated to the expense group, Taxes.

4. When commission on reinsurance is on a "sliding scale" or "guaranteed profit" basis both the tentative commission and any adjustments brought about by the operation of the "sliding scale" or "guaranteed profit" provisions should be allocated to Commission and Brokerage - Reinsurance Assumed or Commission and Brokerage - Reinsurance Ceded.

(Note: To make clear the meaning of "sliding scale" and "guaranteed profits" the following is submitted:

SLIDING SCALE CONTRACTS

Most of these contracts provide for a flat commission ranging from about 30% to 37½%, paid on a written basis. Additional profit commissions are paid at a later date on an earned basis as specified by a formula embodied in the contract. These profit commissions are paid as the result of savings in the loss ratio. A common provision is that ½% profit commission shall be paid for each 1% saving in the loss ratio. Sometimes a portion of the scale may provide for a "1 for 1" profit commission, i.e., a full 1% profit commission for each 1% saving in the loss ratio.

For example, a contract may provide for a flat commission of 35%, with a "½ for 1" profit commission to be paid the ceding company for any saving in the loss ratio under 55%, until the profit commission reaches 10%, or a total commission of 45%.

Some contracts provide for a possible "return commission." In the preceding example, if the loss ratio should exceed the breaking point of 55%, then the ceding company might have to pay a return commission to the reinsurer on a " $\frac{1}{2}$ for 1" basis until return commissions of, say, 5% have been returned, thus reducing the ultimate net commission from 35% to 30%. If the loss ratio should run under 35% or exceed 65%, then such saving or loss would ordinarily be carried forward to the computation for the following year.

GUARANTEED PROFIT CONTRACTS

The most common form of "surplus aid" is the "guaranteed profit" contract. Its principal characteristic is that it transfers unearned premium reserve from the ceding company to the reinsurer and results in an immediate increase in the ceding company's surplus by the amount of the tentative commissions received, but because all such tentative commissions are subject to return to the reinsurer, does not actually relieve the ceding company of ~~xxx~~ risk. The ceding company still remains exposed to the same risk as before. It is in the position of paying two to five percent of the ceded premiums to induce a reinsurer to sign a contract which has no ultimate effect other than to reduce its surplus by two to five percent of these premiums.

Guaranteed profit contracts are often written in a form similar to a quota share or portfolio of reinsurance contract, or a combination of both. The tentative commission is ordinarily 45 or 50 per cent. The reinsurer's fee is generally 2, 3, or 5 per cent of the amount ceded. Most quota-share type contracts are subject to monthly reporting and settlements. The contract usually provides for additional commissions to be increased by 1 per cent for each 1 per cent decrease in the loss ratio, and return commissions on the basis of 1 per cent for each 1 per cent increase in the loss ratio. An example follows:

Commission	45%
Fee for reinsurer	3%
Loss ratio "breaking point"	52%
Total original premium	100%

In a situation similar to the one illustrated, the ceding company pays to the reinsurer the gross reinsurance premiums less 45% commissions, or a net of 55%. As losses are determined they are paid by the reinsurer until the ceding company has received back from the reinsurer losses recovered in an aggregate amount equal to 52% of the original premiums ceded (55% less 3%). Any additional losses are immediately charged back to the ceding company as "return commissions" on a "1 for 1" basis. On the other hand, any saving under 52% is returned to the ceding company in the form of additional commissions. The ultimate effect on the ceding company is the loss of 3% of its ceded premiums. The ceding company actually carries its own full risk throughout the entire period with respect to its gross business.)

5. Salvage and subrogation may be allocated as follows:

- a. Where attention is given to salvage or subrogation matters at the same time as the adjustment of the loss is proceeding, no attempt will be made to allocate any portion of the adjuster's time to salvage (or subrogation) expense.
- b. Where the salvage or subrogation activity follows the adjustment of the loss such additional time as may be required will be treated as salvage expense.
- c. Any items of outside service such as advertising, expenses of outside organizations or rewards where paid by and billed to the company will be treated as salvage expense.
- d. Cost of recovering stolen goods incurred by and billed to the company will be treated as salvage expense.

e. Where salvage is handled by outside agencies and their billing is made directly to the company, sufficient information should be given for proper classification of the related expenses.

f. It is understood that the classification of expenses as salvage expense is not dependent upon any salvage recovery.

6. a. The following employee activities should be allocated to expense groups on the basis of the purposes for which the tabulating, listing, filing or other jobs were performed: Cutting and verifying punched cards, sorting and tabulating punched cards, maintaining punched card files, and supervision thereof.

b. The salaries of the employees in service units, such as the following, providing services to other employees may be allocated to expense groups as overhead on the salaries of employees in all other departments except executive officers: Mail room, Personnel, First aid, Telephone operation, Office Maintenance, and Receptionists.

c. If an appreciable part of the time of employees handling purchases and supplies is devoted to furnishing supplies to agents, such salaries may be allocated to expense groups on the basis of a time estimate. Allocate to General Expenses that part of the time spent in working on supplies for agents; allocate remainder as Overhead on Salaries of employees in all other departments except executives.

d. When files are maintained and serviced in a separate department or at a central location, the salaries of employees engaged in this activity may be allocated to expense groups on the basis of a time estimate. That portion of time spent on policy files (daily reports, applications, endorsements, etc.) and that portion of time spent on general correspondence files may be allocated to General Expenses; that portion of time spent on active claim files may be allocated to Loss Adjustment Expenses; that portion of time on inactive claim files (dead files) may be allocated to General Expenses.

e. When a central abstract department is maintained for the mechanical reproduction of premium abstracts and claim abstracts for use by other departments, the salaries of these employees may be charged on the basis of a time estimate. That portion of time spent on claim abstracts may be allocated to Loss Adjustment Expenses and that portion of time spent on premium abstracts to General Expenses.

f. If a company maintains a general accounting unit and a cashier's unit (the duties of which include keeping the general ledger, general journal and general cash books) and no apportionment to Investment Expenses, to Loss Adjustment Expenses, or to Acquisition, Field Supervision and Collection Expenses is possible, except by using a rough estimation which is little better than a guess, the company may allocate the total expenses of these units to General Expenses in view of the impossibility of making reasonably accurate apportionments to expense groups.

7. If the salary of a non-supervisory employee predominantly pertains to the activities of one expense group, the whole of such salary may be allocated to that expense group.

(Note: By this interpretation, many salaries may be allocated directly and without fractional apportionment. As examples: a branch office or home office employee who is primarily concerned with the collection of premiums may be allocated wholly to Acquisition, Field Supervision and Collection Expenses, even though a lesser part of his activities may pertain to General Expenses; a branch office or home office underwriter who is primarily concerned with the acceptability of risks, net retentions, quoting of rates, etc., may be allocated wholly to General Expenses, although he may also engage, in a lesser extent, in production work pertaining to Acquisition, Field Supervision and Collection Expenses; a special agent working on the development and maintenance of the sales field may be allocated wholly to Acquisition, Field Supervision and

Collection Expenses, although he may also be concerned, to a lesser extent, in the adjustment of losses; key punch and tabulating machine operators, whose work is primarily statistical, may be allocated wholly to General Expenses, although the cards and tabulations may be used to some extent in collection and loss adjustment activities.)

8. The following describes an acceptable method of allocating to expense groups and lines of business the salaries of employees engaged in administrative and/or supervisory activities:

a. Salaries of executive heads, such as the president of a company, the chairman of a company's board, and their secretaries, ordinarily should be distributed to expense groups and lines of business as an Overhead on Salaries of supervised personnel, after an apportionment to Investment Expenses. If any other methods are used, the allocations must be supported by detailed analyses of activities.

b. Salaries of other executive officers, department heads and supervisors ordinarily should be allocated on the basis of a study of time spent on the affairs of each of the departments or units supervised and then these salaries should be allocated to expense groups and lines of business as Overhead on Salaries of the employees in the respective departments or units. If any other methods are used, the allocations must be supported by detailed analyses of activities.

9. Includable in the operating expense classification, Boards, Bureaus and Associations, are the following: "Dues, assessments, fees and charges of: . . . underwriting syndicates, pools and associations such as Factory Insurance Association, Oil Insurance Association, assigned risk plans (except Commission and Brokerage; Claim Adjustment Services; and Taxes, Licenses and Fees); . . . "

The foregoing instruction is applicable to all assigned risk plans and to the following syndicates, pools and associations:

American Cargo War Risk Reinsurance Exchange	Inland Marine Reinsurance Assn.
American Foreign Insurance Association	Inland Marine Syndicate, Inc.
American Marine Hull Syndicate	Inland Waterways Insurance Assn.
American Marine Insurance Syndicate of Insurance of Builders Risks	Lake P. & I. Reinsurance Agreement
American Negative Film Syndicate	Livestock Insurance Office
American Reinsurance Exchange	Logging Underwriting & Inspection Association
Associated Aviation Underwriters	Multiple Location Service Office
Burlap Reinsurance Exchange	Mutual Corporation Inter-Reinsurance Fund
Coastwise, Great Lakes & Inland Hull Assn.	Oil Insurance Association
The Cotton Insurance Association	Railroad Insurance Association
Cotton Marine Reinsurance Agreement	Railway Underwriters
Eastern Intercoastal Cargo Reinsurance Exchange	Registered Mail Central Bureau
Excess of Loss Association	Reinsurance Clearing House
Excise Bond Underwriters	Reinsurance Exchange
Export Automobile Reinsurance Exchange	Southern Reinsurance Exchange
Factory Insurance Association	Stock Companies Association
Furriers Customers' Reinsurance Syndicate	The Tugboat Underwriting Syndicate
General Cover Underwriters Assn.	Underwriters Grain Association
The Great Lakes Underwriting Syndicate	Underwriters Service Association

10. Dues or assessments of organizations includable in Boards, Bureaus and Associations, or in Surveys and Underwriting Reports, directly related to loss work are properly chargeable to the expense group, Loss Adjustment Expenses.