

1983 accident year. At the end of the short taxable year, X had reserves of \$700,000 of undiscounted unpaid losses, and on June 30, 1987, had reserves of \$600,000 of undiscounted unpaid losses. During the short taxable year, ending June 30, 1986, X's loss payments for this reserve were \$120,000. During the taxable year ending June 30, 1987, X's loss payments for this reserve were \$180,000. Under paragraph (c)(3)(i) of this section, X has a \$100,000 reserve strengthening: of which \$20,000 (\$700,000 - (\$800,000 - \$120,000)) is attributable to the short taxable year ending June 30, 1986 and \$80,000 (\$600,000 - (\$700,000 - \$180,000)) is attributable to the taxable year ending June 30, 1987.

(iii) The amount of reserve strengthening for this line of business is determined pursuant to the principles of paragraph (c)(2) of this section.

[T.D. 8433, 57 FR 40845, Sept. 8, 1992; 57 FR 48563, Oct. 27, 1992; 57 FR 57531, Dec. 4, 1992]

§ 1.846-4 Effective date.

Sections 1.846-1 through Sections 1.846-3 apply to taxable years beginning after December 31, 1986.

[T.D. 8433, 57 FR 40847, Sept. 8, 1992]

§ 1.848-0 Outline of regulations under section 848.

This section lists the paragraphs in §§ 1.848-1 through 1.848-3.

1.848-1 Definitions and special provisions.

- (a) Scope and effective date.
- (b) Specified insurance contract.
 - (1) In general.
 - (2) Exceptions.
 - (i) In general.
 - (ii) Reinsurance of qualified foreign contracts.
 - (c) Life insurance contract.
 - (d) Annuity contract.
 - (e) Noncancellable accident and health insurance contract.
 - (f) Guaranteed renewable accident and health insurance contract.
 - (g) Combination contract.
 - (1) Definition.
 - (2) Treatment of premiums on a combination contract.
 - (i) In general.
 - (ii) De minimis premiums.
 - (3) Example.
 - (h) Group life insurance contract.
 - (1) In general.
 - (2) Group affiliation requirement.
 - (i) In general.
 - (ii) Employee group.
 - (iii) Debtor group.
 - (iv) Labor union group.
 - (v) Association group.
 - (vi) Credit union group.

- (vii) Multiple group.
- (viii) Certain discretionary groups.
- (ix) Employees treated as members.
- (x) Class or classes of a group determined without regard to individual health characteristics.
 - (A) In general.
 - (B) Limitation of coverage based on certain work and age requirements permissible.
 - (3) Premiums determined on a group basis.
 - (i) In general.
 - (ii) Exception for substandard premium rates for certain high risk insureds.
 - (iii) Flexible premium contracts.
 - (iv) Determination of actual age.
 - (4) Underwriting practices used by company. [Reserved]
 - (5) Disqualification of group.
 - (i) In general.
 - (ii) Exception for de minimis failures.
 - (6) Supplemental life insurance coverage.
 - (7) Special rules relating to the payment of proceeds.
 - (i) Contracts issued to a welfare benefit fund.
 - (ii) Credit life insurance contracts.
 - (iii) "Organization or association" limited to the sponsor of the contract or the group policyholder.
 - (i) General deductions.

1.848-2 Determination of net premiums.

- (a) Net premiums.
 - (1) In general.
 - (2) Separate determination of net premiums for certain reinsurance agreements.
 - (b) Gross amount of premiums and other consideration.
 - (1) General rule.
 - (2) Items included.
 - (3) Treatment of premium deposits.
 - (i) In general.
 - (ii) Amounts irrevocably committed to the payment of premiums.
 - (iii) Retired lives reserves.
 - (4) Deferred and uncollected premiums.
 - (c) Policy exchanges.
 - (1) General rule.
 - (2) External exchanges.
 - (3) Internal exchanges resulting in fundamentally different contracts.
 - (i) In general.
 - (ii) Certain modifications treated as not changing the mortality, morbidity, interest, or expense guarantees.
 - (iii) Exception for contracts restructured by a court supervised rehabilitation or similar proceeding.
 - (4) Value of the contract.
 - (i) In general.
 - (ii) Special rule for group term life insurance contracts.
 - (iii) Special rule for certain policy enhancement and update programs.
 - (A) In general.
 - (B) Policy enhancement or update program defined.