INSURANCE CODE

TITLE 4. REGULATION OF SOLVENCY

SUBTITLE B. RESERVES AND INVESTMENTS

CHAPTER 421. RESERVES IN GENERAL

Sec. 421.001.  RESERVES REQUIRED. (a) An insurer shall maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses or claims for which the insurer may be liable and that are:

(1)  incurred on or before the date of statement, whether reported or unreported; and

(2)  unpaid as of the date of statement.

(b)  In addition to the reserves required by Subsection (a), an insurer shall maintain reserves in an amount estimated to provide for the expenses of adjustment or settlement of the losses or claims described by that subsection.

(c)  The commissioner shall adopt each current formula recommended by the National Association of Insurance Commissioners for establishing reserves for each line of insurance.  Each insurer writing a line of insurance to which a formula adopted under this subsection applies shall establish reserves in compliance with that formula.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02017F.HTM)), Sec. 1, eff. April 1, 2007.

Sec. 421.002.  CERTIFICATES FROM OTHER STATES. In computing the reserve liability of an insurer, the commissioner may accept the certificate of the officer of another state charged with the duty of supervising the insurer if:

(1)  the insurer is organized under the laws of the other state; and

(2)  the certificate shows that the reserve liability has been computed in accordance with Section 421.001.

Added by Acts 2005, 79th Leg., Ch. 727 (H.B. [2017](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02017F.HTM)), Sec. 1, eff. April 1, 2007.