**20:06:06:01.  Premium rates -- Fifty percent loss ratio benchmark.** A basic test of the reasonableness of the relation of benefits to the premium charged shall be the development of an anticipated loss ratio of claims incurred to premiums earned of at least 50 percent. If the total current expected expenses, including acquisition expenses, exceed 50 percent of the premium dollar, this shall be considered prima facie evidence that a company intends to write credit business at a loss ratio not in compliance with this rule. Commissions, including retrospective premium refunds, bonuses, or acquisition expenses, shall not exceed 40 percent. If a company is not in compliance with this rule, it shall be required to show just cause why the premium rates as filed should not be disapproved.

**Source:** 4 SDR 6, effective August 9, 1977; 5 SDR 91, effective April 25, 1979; 12 SDR 151, 12 SDR 155, effective July 1, 1986.

**General Authority:** SDCL 58-19-34.

**Law Implemented:** SDCL 58-19-26.