**Section 903.310 Joint Expenses**

a) Joint Expenses, as described in Subpart A, Section 903.220 (a), shall be allocated to companies as follows:

|  |  |  |
| --- | --- | --- |
| Expenses To Be AllocatedTo Companies |  | Bases of AllocationTo Companies |
|  |  |
| Advertising | Premiums |
|  |  |
| Boards, Bureaus andAssociations |  |
| Special Studies |
|  |  |
| Surveys & UnderwritingReports |  |
| Special Studies |
|  |  |
| Audit of Assureds' Records | Special Studies |
|  |  |
| Salaries | See Special Instructions |
|  | Relating to the Allocation of Salaries & other Expenses (Subpart E) |
|  |  |
| Employee Relations& Welfare |  |
| Overhead on Salaries |
|  |  |
| Pensions | Overhead on Salaries |
|  |  |
| Traveling & Entertaining | Special Studies |
|  |  |
| Rent & Rent Items | Overhead on Salaries |
|  |  |
| Equipment | Overhead on Salaries |
|  |  |
| Printing & Stationery  | Overhead on Salaries |
|  |  |
| Postage, Telephone &Telegraph, Exchange &Express |  |
|  |
| Overhead on Salaries |
|  |  |
| Legal & Auditing | Special Studies |
|  |  |
| Payroll Taxes | Overhead on Salaries |
|  |  |
| Miscellaneous | Special Studies |

b) Definitions

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

2) 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.

3) 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 Subpart E, Section 903.620).

e) Records Required

1) The methods followed in allocating Joint Expenses shall be described, kept and supported as set forth under Detail of Allocation Bases (see Subpart E, Section 903.630 (g)).

2) 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 this Part, are made in time for entry in the Annual Statement.