**20:06:38:34.  Expenses.** Each year, the insurer shall choose the method used to allocate overhead expenses for all illustrations and the method of determining assumed expenses for all policy forms from the following:

(1)  Fully allocated expenses;

(2)  Marginal expenses;

(3)  The generally recognized expense table in Appendix A at the end of this chapter; or

(4)  Another generally recognized expense table based on fully allocated expenses representing a significant portion of insurance companies and approved by the director pursuant to § 20:06:38:35.

For the purpose of determining assumed expenses, marginal expenses may be used only if greater than a generally recognized expense table. If no generally recognized expense table is approved, fully allocated expenses must be used.

**Source:** 23 SDR 228, effective July 1, 1997.

**General Authority:** SDCL 58-33-5.1.

**Law Implemented:** SDCL 58-33-5.1.