**Section 903.10 Claim Adjustment Services**

a) Direct

1) Include the Following Expenses When in Connection With the Investigation and Adjustment of Policy Claims:

A) Independent Adjusters: Fees and expenses of independent adjusters or settling agents.

B) Legal: Fees and expenses of lawyers for legal services in the defense, trial, or appeal of suits, or for other legal services.

C) Bonds: Premium costs of bonds.

D) Appeal Costs and Expenses: Appeal bond premiums; charges for printing records; charges for printing briefs; court fees incidental to appeals.

E) General Court Costs and Fees: Entry fees and other court costs, and other fees not includible in Losses. Note: Interest and costs assessed as part of or subsequent to judgment are includible in Losses.

F) Medical Testimony: Fees and expenses of medical witnesses for attendance or testimony at trials or hearings ("Medical" includes physicians, surgeons, chiropractors, chiropodists, dentists, osteopaths, veterinarians, and hospital representatives).

G) Expert Witnesses: Fees and expenses of expert witnesses for attendance or testimony at trials or hearings.

H) Lay Witnesses: Fees and expenses of lay witnesses for attendance or testimony at trials or hearings.

I) Service of Process: Constables', sheriffs' and other fees and expenses for service of process, including subpoenas.

J) Transcripts of Testimony: Stenographers' fees and fees for transcripts of testimony.

K) Medical Examinations: Fees for medical examinations, fees for performing autopsies, fees for impartial examination, x-rays, etc., for the purpose of trial and determining questions of liability. This does not include fees for medical examinations, x-rays, etc., made to determine necessary treatment, or made solely to determine the extent or continuation of disability, or first aid charges, as such fees and charges are includible in Losses.

L) Miscellaneous: Costs of appraisals, expert examinations, surveys, plans, estimates, photographs, maps, weather reports, detective reports, audits, credit or character reports, watchman. Charges for hospital records and records of other kinds, notary fees, certified copies of certificates and legal documents. Charges for Claim Adjustment Services by underwriting syndicates, pools and associations.

2) Exclude:

A) Compensation to employees (see Salaries).

B) Expenses of salaried employees (see Traveling and Entertaining).

C) Items includible in Allowances to Managers and Agents.

D) Payments to State Industrial Commissions (see Taxes, Licenses and Fees).

E) Payments to claim adjusting organizations except where the expense is billed specifically to individual companies (see Boards, Bureaus and Associations).

F) Cost of services of medical examiners for underwriting purposes (see Surveys and Underwriting Reports).

G) Salvage and subrogation recovery expense, rewards, lost and found advertising, expenses for disposal of salvage. Such expenses shall be deducted from salvage.

H) Any expenses which by these instructions are includible elsewhere.

I) Separation of Claim Adjustment Services: The Statistical Plans filed by certain rating bureaus contain definitions of "Allocated Loss Adjustment Expenses" which exclude for rating purposes certain types of claim adjustment services as defined herein. For the lines of business thus affected, companies which are members of such rating bureaus shall maintain records necessary to the reporting of Claim Adjustment Services Direct, as follows:

i) As defined in Statistical Plans

ii) Other than as defined in Statistical Plans.

b) Reinsurance Assumed

 Include:

 Claim adjustment expenses in bills rendered

 by ceding companies.

c) Reinsurance Ceded

 Include:

 Claim adjustment expenses billed to assuming insurers.