Overall IRIS Ratios

Ratio	Unusual Range	Formula
1	$\geq 900\%$	$\frac{\text{GWP}}{\text{Surplus}}$ $\text{DWP} + \text{Reinsurance WP Assumed (Affiliate and Non)}$
2	$\geq 300\%$	$\frac{\text{NWP}}{\text{Surplus}}$
3	$\notin (-33\%, 33\%)$	$\frac{\textbf{ΔNWP}}{\textbf{Prior Year NWP}}$
4	$\geq 15\%$	$\frac{\text{Surplus Aid}}{\text{Surplus}}$ $\frac{\text{Reinsurance Commission Ceded (Contingent and Non} - \text{Contingent)}}{\text{Reinsurance Premiun Ceded (Affiliate and Non} - \text{Affiliated)}} * \sum(\text{UEPR ceded to Non} - \text{Affiliate})$ OR $\text{Estimated reinsurance commission rate} * \sum(\text{UEPR ceded to Non} - \text{Affiliate})$

Profitability IRIS Ratios

Ratio	Usual Range	Formula
5 Two-Year Operating Ratio	$< 100\%$	$[\textbf{Two} - \textbf{Year}][\text{Loss Ratio} + \text{Expense Ratio} - \text{Investment Income Ratio}]$ $[\text{Prior} + \text{Current}]\left[\frac{\text{Incurred Loss and LAE} + \text{Dividends to Policyholders}}{\text{EP}}\right]$ $[\text{Prior} + \text{Current}]\left[\frac{\text{Other UW Expense} + \text{Write} - \text{ins} - \text{Other Income}}{\text{NWP}}\right]$ $[\text{Prior} + \text{Current}]\left[\frac{\text{Net Investment Income Earned}}{\text{EP}}\right]$
6 Investment Yield	(2%, 5.5%)	$\frac{2 * \text{Net Investment Income Earned}}{\text{Prior and Current Cash and Invested Assets}}$ $[\text{Prior} + \text{Current}][\text{Cash and Invested Assets} + \text{Investment Income Due and Accrued} - \text{Borrowed Money}]$ $-\text{Net Invesment Income Earned}$
7	(-10%, 50%)	$\frac{\Delta\text{Surplus}}{\text{Prior Year Surplus}}$
8	(-10%, 25%)	$\frac{\Delta\text{Adjusted Surplus}}{\text{Prior Year Surplus}}$ $\text{Current Surplus} - \Delta\text{Surplus Notes} - \text{Capital Paid in or Transferred}$ $-\text{Surplus Paid in or Transferred} - \text{Prior Surplus}$

Liquidity IRIS Ratios

Ratio	Usual Range	Formula
9	< 100%	$\frac{\text{Adjusted Liabilities}}{\text{Liquid Assets}}$ Total Liabilities − Deferred Agents' Balances Bonds + Stocks (Preferred and Common) + Cash, Cash Equivalents and Short Term Assets + Securities Receivables + Investment Income Due and Accrued − Investments in Parent, Subs and Affiliates
10	< 40%	$\frac{\text{Gross Agents' Balances in Collection (Uncollected and Deferred)}}{\text{Surplus}}$

Reserve IRIS Ratios

Ratio	Usual Range	Formula
11	<20%	$\frac{\text{One − Year Net Loss Reserve Development}}{\text{Prior Year Surplus}}$
12	<20%	$\frac{\text{Two − Year Net Loss Reserve Development}}{2^{nd}\text{ Prior Year Surplus}}$
13	<25%	$\frac{\text{Estimated Reserve Deficiency}}{\text{Surplus}}$ $\text{Estimated Reserve Deficiency} = \left(\frac{\text{Prior Ratio} + \text{Second Prior Ratio}}{2}\right) * \text{Current Net EP} - \text{Current Loss and LAE Reserves}$ $\text{Prior Ratio} = \frac{\text{Prior Loss and LAE Reserves} + \text{One Year Reserve Development}}{\text{Prior Net EP}}$ $\text{Second Prior Ratio} = \frac{\text{Second Prior Loss and LAE Reserves} + \text{Two Year Reserve Development}}{\text{Second Prior Net EP}}$