

**520.9 Standard of solvency.**

1. There shall at all times be maintained as assets a sum in cash, or in securities of the kind designated by the laws of the state where the principal office is located for the investment of funds of insurance companies, equal to one hundred percent of the net unearned premiums or deposits collected and credited to the account of subscribers, or assets equal to fifty percent of the net annual deposits collected and credited to the account of subscribers on policies having one year or less to run and pro rata on those for longer periods; in addition to which there shall be maintained in cash, or in such securities, assets sufficient to discharge all liabilities on all outstanding losses arising under policies issued, the same to be calculated in accordance with the laws of the state relating to similar reserves for companies insuring similar risks; provided that where the assets on hand available for the payment of losses other than determined losses, do not equal five million dollars, all liability for each determined loss or claim deferred for more than one year, shall be provided for by a special deposit in a trust company or bank having fiduciary powers of the state in which the principal office is located, to be used in payment of compensation benefits for disability; such deposit to be a trust fund and applicable only to the purposes stated, or such liability may be reinsured in authorized companies with a surplus of at least five million dollars. For the purpose of such reserves, net deposits shall be construed to mean the advance payments of subscribers after deducting the amount specifically provided in the subscribers' agreements for expenses. If at any time the assets so held in cash or such securities shall be less than required above, or less than five million dollars, the subscribers or their attorney for them shall make up the deficiency within thirty days after notice from the commissioner of insurance to do so. In computing the assets required by [this section](#), the amount specified in [section 520.4, subsection 7](#), shall be included.

2. Notwithstanding [subsection 1](#), a person issuing reciprocal contracts and authorized to transact business under [this chapter](#) shall comply with the minimum surplus requirements of [this section](#) or [chapter 521E](#), whichever is greater.

[C24, 27, 31, 35, 39, §9091; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §520.9]

[88 Acts, ch 1111, §16](#); [96 Acts, ch 1046, §8](#); [2007 Acts, ch 137, §20](#)

Referred to in [§85.65A, 520.9A, 520.14](#)