

191—57.4(87,505) Additional security requirements.

57.4(1) If at any time the commissioner feels additional security is necessary because any one or more of the following factors are present, the commissioner may require such additional security as provided in subrule 57.4(2):

- a.* Insufficient liquid assets or retained earnings;
- b.* A deteriorating financial condition, as evidenced by a comparison of current financial statements to recent past financial statements;
- c.* The workers' compensation loss experience is significantly higher than the average for the industry the company is in;
- d.* The loss potential within and without the state is higher than what the company can apparently withstand;
- e.* Any other relevant consideration(s).

57.4(2) When the commissioner determines the conditions of subrule 57.4(1) have been met, any one or more of the following types of additional security may be required, in an amount determined by the commissioner:

- a.* Additional surety bond;
- b.* Irrevocable letter of credit;
- c.* Annual aggregate excess insurance;
- d.* Specific per occurrence excess insurance; or
- e.* Trust fund.

(1) If a trust fund is established, the commissioner shall be the trustee. The employer may invest the funds in accordance with Iowa Code section 636.23, subsections 1 through 12. The trust document and the evidence of invested assets are to be kept in the vault of the division or in some other secure place designated by the commissioner.

(2) Interest or dividends, or both, on the trust assets are to accumulate to the trust unless the commissioner deems the trust has sufficient assets, in which case the interest or dividends, or both, are to be delivered to the employer.

(3) The trust fund is to be used to pay losses and loss adjustment expenses if the employer is unable to pay the statutorily required compensation benefits.