

**191—56.17(87,505) Premium payment; reserves.**

**56.17(1)** Each association shall establish to the satisfaction of the commissioner a premium payment plan which shall include:

*a.* A deposit premium payment by each member of at least 25 percent of that member's annual premium before the start of the association's fund year. A credit may be available for past unused deposits; and

*b.* Payment of each member's annual premium in monthly, quarterly or other regular payments.

**56.17(2)** Each association shall establish and maintain actuarially appropriate loss reserves which shall include reserves for (1) known claims and expenses associated therewith and (2) claims incurred but not reported and expenses associated therewith.

**56.17(3)** Each association shall establish and maintain bad debt reserves based on the historical experience of the association or other associations.