

**40-1018. Reserve fund.** A reserve fund equal to not less than ten percentum nor more than twenty-five percentum, as the board of directors may determine, of the premiums received on insurance shall be set apart and maintained out of the cash receipts of the company until such reserve fund shall amount to at least four thousand dollars per million dollars of insurance in force, after which the percent of the cash receipts that shall be added to this reserve may be reduced at the discretion of the board of directors. And whenever the cash in the hands of the treasurer of any such company, not included in the reserve fund, is insufficient to pay any loss that may accrue, then such deficiency shall be taken from the reserve fund, but such reserve fund shall not be reduced below one half until an assessment shall be made upon the deposit notes held by the company sufficient to fully reimburse the reserve fund. Any such diminution of the reserve fund shall be held to be a liability to be provided for by assessments on the deposit notes. Such part of the reserve fund of the company as is not needed for immediate use of the company shall be invested by the directors in such securities as are authorized by this code. Any other reserves that have been accumulated by the company may be made a part of this reserve fund.

**History:** L. 1927, ch. 231, 40-1018; June 1.