

ACTUAL OPERATING LOCATION OF  
DOMESTIC COMPANIES

February 10, 1988

All Iowa domestic insurance companies are organized under Iowa Code ch. 491.1. See Iowa Code section 491.1 (1987). Thereunder, the "principal place of business" of an Iowa domestic company "must be in this state." Iowa Code section 491.13 (1987). The "principal place of business" must be designated in the company's articles of incorporation. Id.

In the past, the division has allowed domestics to merely establish in their articles a "legal" principal place of business in Iowa, so that the actual location of their operations can be elsewhere in the country. The result is that some Iowa companies have their actual home offices or operating locations at far-flung places reachable by the division's examiners and other regulatory personnel only at considerable time and expense. Moreover, the division finds that it is difficult to maintain the "feel" for the condition of domestics in far-away locations necessary for effective regulation and to otherwise remain in contact with them.

Accordingly, and with due regard for the fact that for some time the division has allowed a fictional "place of business" to be designated in a domestic company's articles of incorporation, it is the Commissioner's desire that all existing domestics which do not have their actual home offices or main operating locations in Iowa either establish a significant operating presence here or redomesticate to another state. Articles of Incorporation of new companies will not be approved unless, pursuant to section 491.13, the actual, operating, "principal place of business" is in Iowa. This approach will best permit the division to fulfill the primary regulatory responsibility which it has toward domestics.

William D. Hager  
COMMISSIONER OF INSURANCE