

521J.5 Captive companies — formation.

1. A captive company must be formed or organized as a business entity as provided under [this chapter](#).
 2. An industrial insured captive company shall be formed or organized in one of the following ways:
 - a. Incorporated as a stock insurer with the stock insurer's capital divided into shares and held by the stockholders.
 - b. Incorporated as a mutual insurer without capital stock.
 - c. Organized as a reciprocal insurer as permitted by the commissioner by rule.
 - d. Organized as a manager-managed limited liability company.
 3. A captive company incorporated or organized in this state shall be incorporated or organized by at least one incorporator or organizer who is a resident of the state.
 4. The capital stock of a captive company incorporated as a stock insurer may be authorized with no par value.
 5. a. At least one member of the board of directors of a captive company shall be a resident of this state. A captive risk retention group shall have a minimum of five directors.
 - b. A captive company formed as a limited liability company shall have at least one manager who is a resident of this state. A captive risk retention group formed as a limited liability company shall not be required to have a manager who is a resident of this state; however, the limited liability company shall maintain a board of directors of which at least one board member shall be a resident of this state.
 - c. A reciprocal insurer shall have at least one member of the subscribers' advisory committee who is a resident of this state. A captive risk retention group formed as a reciprocal insurer shall have a minimum of five members of the subscribers' advisory committee who are residents of this state.
 6. a. A captive company formed as a corporation or another business entity shall have the privileges of, and shall be subject to, state laws governing corporations or other business entities, and the applicable provisions of [this chapter](#).
 - b. In the event of a conflict between a state law governing corporations or other business entities and [this chapter](#), [this chapter](#) shall take precedence.
 7. a. A subscribers' agreement, or other organizational document of a captive company formed as a reciprocal insurer, shall authorize a quorum of a subscribers' advisory committee to consist of at least one-third of the number of members on the advisory committee.
 - b. In addition to [this chapter](#), a captive risk retention group shall be subject to [chapter 515E](#). In the event of a conflict between [chapter 515E](#) and [this chapter](#), [this chapter](#) shall take precedence.
8. Except as provided in [section 521J.11](#), applicable provisions of [chapter 508B](#) shall apply to a merger, consolidation, conversion, mutualization, or voluntary dissolution by a captive company.
9. a. An alien captive company must apply to the secretary of state for a certificate of authority for the alien captive company's branch captive company to transact business in this state.
 - b. A branch captive company established under [this chapter](#) to write, in this state, only insurance or reinsurance of the employee benefit business of the branch captive company's parent and affiliated companies shall be subject to the federal Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001, et seq.
 - c. A branch captive company shall not conduct any insurance business in this state unless the branch captive company maintains the principal place of business for the company's branch operations in this state.

[2023 Acts, ch 107, §8](#)

Referred to in [§521J.11](#)