

701—34.21(423) Insurance companies. Insurance companies title and register vehicles when vehicles are damaged to the extent of being a total loss. Generally, in this type of transaction, the insurance company pays the insured for the vehicle that is totally damaged and, subsequently, the insurance company takes title to the damaged vehicle. In this situation, there is a transfer of the vehicle title from the insured to the insurance company for consideration (money paid by the insurance company to the insured for the totaled vehicle). Accordingly, Iowa use tax is due on the vehicle when the insurance company titles the vehicle. However, insurance companies are entitled to obtain a limited vehicle dealer's license for the purchase of damaged or repossessed vehicles (see 701— 34.17(423) regarding repossession). If an insurance company has a dealer's license, then the dealer may purchase and register the vehicle without being required to pay Iowa use tax on the vehicle.

This rule is intended to implement Iowa Code section 423.21.