

No. 290

AN ACT

Amending the act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 682), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," providing for and regulating the investments of title insurance companies.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

The Insurance Company Law of 1921.

Section 1. Section six hundred ninety-six, act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 682), known as "The Insurance Company Law of 1921," added July one, one thousand nine hundred thirty-seven (Pamphlet Laws 2540), is amended to read:

Section 696, act of May 17, 1921, P. L. 682, added July 1, 1937, P. L. 2540, amended.

Section 696. [Additional Requirements.—Except for the requirements of this article, all of the laws, rules, and regulations pertaining to stock casualty insurance companies shall apply, and shall be applied to title insurance companies.] *Investments of Title Insurance Companies.*—(a) *The capital of any title insurance company organized under the insurance laws of this Commonwealth, shall be invested in the classes of investment authorized by this act for the capital of life insurance companies, organized under the laws of this Commonwealth, except policy loans.*

(b) *The amount of the required reserves applicable to the title insurance business of any company having the powers of a title insurance company, as defined in section six hundred eighty-five of this act, shall be invested by each company in the classes of investment authorized by this act for investment of the reserves of life insurance companies organized under the laws of this Commonwealth, except policy loans.*

(c) *Any money over and above the capital and reserves, including the paid-in surplus of any title insurance company organized under the insurance laws of this Commonwealth, shall, except for necessary cash balances, be invested in any of the classes of investment authorized by this section, or in any of the classes of investment authorized by this act for investment of the surplus funds of either (i) life insurance companies organized under the laws of this Commonwealth, except*

policy loans, or (ii) stock casualty insurance companies organized under the laws of this Commonwealth including the stock of other title insurance companies.

(d) The general investment provisions and restrictions of this act governing investments of life insurance companies organized under the laws of this Commonwealth, shall apply to and govern the investments of the capital of title insurance companies organized under the insurance laws of this Commonwealth, and to the investment of the reserves applicable to the title insurance business of any company having the power of a title insurance company, as defined in section six hundred eighty-five of this act, as if all references to life insurance companies in such general investment provisions and restrictions were to such companies.

(e) The general investment provisions and restrictions of this act governing the investment of any money over and above capital of stock casualty insurance companies shall apply to and govern the investment of any money over and above capital and reserves of title insurance companies organized under the insurance laws of this Commonwealth.

(f) A title insurance company organized under the insurance laws of this Commonwealth may invest its capital reserves and any money over and above capital and reserves in a title plant but its aggregate investment in its title plant and in real estate, except real estate acquired in connection with a claim under a policy of title insurance, shall not exceed sixty-five per centum of the total of its paid-up capital reserves and any money over and above capital and reserves, and the investment in the title plant alone shall not exceed twice the amount of its paid-up capital. There shall be included in real estate for the purpose of this section, the value of all stocks of any corporation formed for the purpose of holding title to or operating real estate, and the value of the obligations of any such corporation where all of the stock thereof is held by one or more such companies. The title plant shall be considered an admitted asset at the fair value thereof. In determining the fair value of a title plant, no value shall be attributed to furniture and fixtures, and the real estate in which the title plant is housed shall be carried as real estate. The value of the title abstracts, title briefs, copies of conveyances or other documents, indices and other records *comprising the title plant shall be determined by considering the expenses incurred in obtaining them, the age thereof, the cost of replacement less depreciation, and all other relevant factors. Once the value of a title plant shall have been determined

* "compromising" in original.

hereunder, such value may, subject to the limitations on the total investment prescribed by this section, be increased by the cost of all additions thereto not charged to current operating expenses and by the fair value of all title abstracts, title briefs, copies of conveyances or other documents, indices and other records added thereto otherwise than as a part of a current examination of title made in connection with the issuance of a policy, but such fair value of a title plant shall not otherwise be increased: Provided, however, That such company shall at all times keep at least one hundred seventy-five thousand dollars (\$175,000) invested in the classes of securities other than title plant and real estate authorized for the investment of capital.

(g) Subject to the limitations imposed by subsection (f) of this section, and with the approval of the Insurance Commissioner, a company having the powers of a title insurance company, as defined in section six hundred eighty-five of this act, may enter into agreements with one or more other such companies authorized to do business in this Commonwealth, whereby such companies shall participate in the ownership, management and control of a title plant to service the needs of all such companies, or such companies may hold stock of a corporation owning and operating a title plant for such purposes.

Section 2. The act is amended by adding, after section six hundred ninety-six, a new section to read:

Section 697. Additional Requirements.—Except for the requirements of this sub-article (h), all of the laws, rules, and regulations pertaining to stock casualty insurance companies shall apply, and shall be applied to title insurance companies.

Act of May 17,
1921, P. L. 682,
added July 1,
1937, P. L. 2540,
amended by add-
ing a new sec-
tion 697.

Section 3. This act shall take effect on the second day of the calendar month next following the date of the approval hereof.

Effective date.

APPROVED—The 24th day of January, A. D. 1956.

GEORGE M. LEADER

No. 291

AN ACT

Amending the act of April nine, one thousand nine hundred twenty-nine (Pamphlet Laws 343), entitled "An act relating to the finances of the State government; providing for the settlement, assessment, collection, and lien of taxes, bonus, and all other accounts due the Commonwealth, the collection and recovery of fees and other money or property due or belonging to the Commonwealth, or any agency thereof, includ-