

by the said act which is hereby repealed, the Secretary of Banking is authorized by an order in writing, under the seal of his office, to permit the withdrawal of said bonds or a part thereof.

When effective.

Section 3. This act shall become effective immediately upon its approval by the Governor.

APPROVED—The 12th day of June, A. D. 1931.

GIFFORD PINCHOT

No. 197

AN ACT

Providing for the purchase of reinsurance for the benefit of holders of outstanding policies, issued by any company authorized to insure titles, of which possession may be taken by the Secretary of Banking; and providing further for the use for that purpose of reserve funds accumulated by such companies to protect such policyholders; providing also for the form of such reinsurance and defining the extent of the liability thereunder, and also for suits at law to recover thereon.

Secretary of  
Banking.

Title insurance  
companies.

Reinsurance under  
act of April 26,  
1929 (P. L. 834).

Blanket policy for  
use of original  
policyholders.

Section 1. Be it enacted, &c., That whenever the Secretary of Banking shall purchase reinsurance under and by virtue of the authority conferred upon him by section one of the act, approved the twenty-sixth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, eight hundred thirty-four), entitled "An act requiring all title insurance companies to create and maintain a reserve; fixing the amount thereof, and regulating the same," he may fulfill this duty by purchasing from a company, incorporated under the laws of Pennsylvania, with the right to insure titles to real estate to owners, mortgagees and others, and having a title insurance reserve of the maximum amount required by the first section of the act, approved the twenty-sixth day of April, one thousand nine hundred and twenty-nine, above recited, a blanket policy, in the name of the Commonwealth of Pennsylvania, for the use of the original policyholders; in which blanket policy, such title insurance company shall agree that it will, on demand of anyone holding an outstanding policy issued by the original company, fulfill for such demandant the same obligations as were due to the demandant under the original policy; but so far as the amount of recoverable damages is concerned, the same shall be limited in accordance with the formula set forth in section two of this act.

Determination of  
amount of insur-  
ance and outstand-  
ing liability.

Section 2. Prior to purchasing such reinsurance, the Secretary of Banking shall determine, as best he can according to his judgment, the total amount of insur-

ance issued by the corporation of which he has taken possession, and estimate, as best he can according to his judgment, the amount of such insurance upon which the corporation had an outstanding liability on the day such corporation came into his custody and charge; and of these two facts determined by him, the secretary shall file written certificates in his office and also in the records of the court under which his certificate of possession was filed. He shall then use the reserve fund in his custody (1) to pay the fee for examinations by the reinsuring company, and (2) with the balance of the fund to purchase as large an amount of insurance as can be acquired therewith. The blanket policy for such reinsurance shall contain a clause that each policyholder of the company which originally issued the insurance reinsured shall be entitled to recover in his, her or its own name, not according to the amount of the original policy, but in the proportion that the total amount of the reinsurance purchased bears to the total amount of outstanding insurance determined to be in existence by the secretary and shown by his certificates on file under the provisions of this act: Provided, That the total liability of the reinsuring company shall not exceed the amount of the blanket policy issued under section one thereof.

Certification.

Use of reserve fund for reinsurance.

Amount recoverable by policyholder.

Proviso.

Section 3. The extent of the liability of the reinsuring company shall in no event be enlarged beyond that of the original company; and claims by policyholders against the reinsuring company shall be subject to all the conditions and limitations of the original insurance as respects the status of such claim and claimant.

Liability of reinsuring company.

Section 4. Each policyholder of the company which originally issued the insurance reinsured shall have the right to sue the company issuing the reinsurance, using his, her, or its own name as plaintiff, notwithstanding the fact that the reinsurance policy is issued in the name of the Commonwealth of Pennsylvania, and the parties to each suit instituted on the blanket policy of insurance shall be entitled to recover and be liable for costs as in any other suits at law.

Right of policyholder to sue.

Recovery and costs.

Section 5. This act shall become effective immediately upon its passage, and approval by the Governor.

When effective.

APPROVED—The 12th day of June, A. D. 1931.

GIFFORD PINCHOT