

CHAPTER 68A

TITLE INSURANCE COMPANIES

Sec.

68A.01 Real estate title insurance companies

68A.02 Unearned premium reserve

68A.01 REAL ESTATE TITLE INSURANCE COMPANIES.

Subdivision 1. [Repealed, 1969 c 7 s 30]

Subd. 2. **Guaranty fund and investment thereof.** Before issuing any policy or other contract of guaranty or insurance, every real estate title insurance company shall set apart and keep separate a guaranty fund of \$100,000 or an amount equal to two-fifths of its capital stock whichever is the greater, but in no event shall a company be required to deposit in excess of \$2,500,000. The guaranty fund shall be invested according to law.

Subd. 3. **Deposit of guaranty fund.** The securities in which the guaranty fund is invested shall be duly deposited with the commissioner and his certificate thereof procured, as provided by law. This deposit shall be maintained unimpaired and the principal of the fund shall be applied only to the payments of losses and expenses by reason of its guaranty and insurance contracts, with the right to the company to collect the income thereof and to substitute other like securities of equal amount and value from time to time. In the case of a foreign insurer, the deposit may be made with the commissioner of the domicile state of such foreign insurer and his certificate thereof shall be accepted by the commissioner.

Subd. 4. **Investment of other funds.** After the investment of such portion of its capital stock as hereinbefore provided and the deposit of the securities in its guaranty fund as aforesaid the remainder of its capital stock and funds may be invested in such securities, records, abstract plants, and equipment as the board of directors or the board of trustees of the company shall determine to be suitable for the transaction of its business.

Subd. 5. **Other powers.** In addition to the powers now possessed, these companies are authorized to make abstracts of title to real property for compensation.

[1967 c 395 art 9 s 1; 1969 c 7 s 29; 1969 c 253 s 1, 2]

68A.02 UNEARNED PREMIUM RESERVE. Upon issuance of each contract of title insurance issued on or after January 1, 1964, by a domestic real estate title insurance company, there shall be reserved initially a sum equal to ten percent of the original premium charged therefor. At the end of each calendar year following the year in which the contract of title insurance is issued, there shall be a reduction in the sum so reserved in the amount of one-twentieth of such sum. On any contract of title insurance issued prior to January 1, 1964, by a domestic real estate title insurance company, a reserve shall be set up on January 1, 1964, and thereafter maintained in such sum as would have been required if the foregoing requirements with respect to title insurance reserves had existed at and after the date of the contract of title insurance. Such sums herein required to be reserved shall at all times and for all purposes be considered and constitute unearned portions of the original premiums on such contracts of title insurance, shall be charged as a reserve liability of the real estate title insurance company in determining its financial condition, and, for the purpose of applying the provisions of section 60A.23, subdivision 4, shall be deemed to constitute the whole amount of the premiums on the unexpired risks of such real estate title insurance company.

[1967 c 395 art 9 s 2]