

VIRGINIA ACTS OF ASSEMBLY -- 2008 SESSION

CHAPTER 248

An Act to amend and reenact § 38.2-4610.1 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 38.2-4610.1:1, relating to unearned premium reserves of certain title insurance companies.

[H 116]

Approved March 4, 2008

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-4610.1 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 38.2-4610.1:1 as follows:

§ 38.2-4610.1. Unearned premium reserve.

A. A domestic title insurance company shall establish and maintain an unearned premium reserve computed in accordance with this section, and all sums attributed to such reserve shall at all times and for all purposes be considered and constitute unearned portions of the original premiums. This reserve shall be reported as a liability of the title insurance company in its financial statements.

B. The unearned premium reserve shall be maintained by the title insurance company for the protection of holders of title insurance policies. Except as provided in this section, assets equal in value to the unearned premium reserve are not subject to distribution among creditors or stockholders of the title insurance company until all claims of policyholders or claims under reinsurance contracts have been paid in full, and all liability on the policies or reinsurance contracts has been paid in full and discharged or lawfully reinsured.

C. ~~A~~ *Except as provided in § 38.2-4610.1:1*, foreign or alien title insurance company licensed to transact title insurance business in ~~this the~~ Commonwealth shall maintain at least the same *unearned premium* reserves on title insurance policies issued on properties located in ~~this the~~ Commonwealth as are required of domestic title insurance companies, unless the laws of the jurisdiction of domicile of the foreign or alien title insurance company require a higher amount.

D. The unearned premium reserve shall consist of:

1. The amount of the unearned premium reserve on June 30, 1986; and
2. A sum equal to \$1.50 for each policy, contract or agreement of title insurance covering a single risk written after June 30, 1986, plus a sum equal to 12 1/2 cents of each \$1,000 of net retained liability under each such policy, contract or agreement of title insurance on a single risk written after June 30, 1986.

E. Amounts placed in the unearned premium reserve in any year in accordance with subdivision 2 of subsection D of this section shall be deducted in determining the net profit of the title insurance company for that year.

F. A title insurance company shall release from the unearned premium reserve a sum equal to ten percent of the amount added to the reserve during a calendar year on July 1 of each of the five years following the year in which the sum was added, and shall release from the unearned premium reserve a sum equal to 3 1/3 percent of the amount added to the reserve during that year on each succeeding July 1 until the entire amount for that year has been released. The amount of the unearned premium reserve maintained before July 1, 1986, shall be released in accordance with the law in effect when the respective sums were reserved.

§ 38.2-4610.1:1. Unearned premium reserves of foreign title insurance companies.

A foreign title insurance company licensed to transact business in the Commonwealth shall be permitted to establish and maintain an unearned premium reserve on title insurance policies issued on properties located in the Commonwealth pursuant to the reserving laws of that foreign title insurance company's domiciliary regulator so long as the domiciliary regulator is accredited under the National Association of Insurance Commissioner's Financial Regulation Standards and Accreditation Program.