

Fire Insurance Company. Investment of Surplus of. Surplus of Insurance Company, Investment of. Corporation, Insurance Investment of Surplus.

A fire insurance company may invest its surplus in the stock of a corporation organized under the laws of Montana, if such corporation is solvent, and pays dividends on its stock. The investment commissioner must determine the propriety and safety of any such investment.

Helena, Mont., Nov. 17, 1915.

Hon. William Keating,
Commissioner of Insurance of the State of Montana,
Helena, Montana.

Dear Sir:

I am in receipt of your communication of the 16th inst., requesting an opinion upon the following proposition:

May a Fire Insurance Company organized under the laws of the State of Montana, invest its surplus funds in the stock of a corporation organized under the laws of this State, for the purpose of holding title to and managing real estate where the property owned by such real estate corporation is covered by a mortgage?

Sec. 4048 of the Revised Codes prohibits the investment or loan of the funds of a Fire Insurance Company in encumbered real estate except under certain conditions not necessary to be noted here. This section expressly provides, however, that the surplus money, over and

above the capital stock, may be invested in (among others) the stock of any solvent, dividend paying institution organized under the laws of this State, or the United States.

You are, therefore, advised that the surplus funds over and above the capital stock of such a Fire Insurance Company may be invested in the stock of a corporation organized under the laws of Montana; provided that such last named corporation is solvent and pays dividends on its stock, even though there may be a mortgage on its property. The property and safety of any such investment is for you, as Investment Commissioner, to determine.

Yours very truly,

J. B. POINDEXTER,

Attorney General.