

CHAPTER 570.

(House Bill 438)

AN ACT to repeal and re-enact, with amendments, Sub-division (6) of Sub-section 3 of Section 25A of Article 48A of the Annotated Code of Maryland (1943 Supplement), title "Insurance", sub-title "General Provisions", sub-heading "Investments—Fire, Casualty and Miscellaneous", relating to classes of reserve investments of fire, casualty and miscellaneous insurance companies.

SECTION 1. *Be it enacted by the General Assembly of Maryland*, That Sub-division (6) of Sub-section 3 of Section 25A of Article 48A of the Annotated Code of Maryland (1943 Supplement), title "Insurance", sub-title "General Provisions", sub-heading "Investments—Fire, Casualty and Miscellaneous", be and it is hereby repealed and re-enacted, with amendments, to read as follows:

25A. 3.

(6) (Mortgage Loans.) (a) Bonds or evidences of indebtedness other than those described in Sub-division (2) of Sub-section 3 which are secured by first mortgages or deeds of trust upon unencumbered fee simple or improved leasehold real property located in the United States. Real property shall not be deemed to be encumbered within the meaning of this section, by reason of the existence of instruments reserving mineral, oil or timber rights, rights of way, sewer rights, rights in walls, nor by reason of any liens for taxes or assessments not yet due, nor by reason of building restrictions or other restrictive covenants, nor when such real property is subject to lease under which rents or profits are reserved to the owner, if in any event the security for such loan is a first lien upon such real property and if there is no condition or right of re-entry or forfeiture, under which such lien can be cut off, subordinated or otherwise disturbed. No such mortgage loan or loans made or acquired by an insurer on any one property shall, at the time of investment by the insurer, exceed two-thirds of the value of the real property securing the same. No such mortgage loan or loans shall be made or acquired by an insurer except after an appraisal made by an appraiser for the purpose of such investment. No such mortgage loan made or acquired by an insurer which is a participation or a part of a series or issue secured by the same mortgage or deed of trust shall be a lawful investment under this paragraph unless the entire series or issue which is secured by the same mortgage or deed of trust is held by such insurer or unless the insurer holds