3 T.C. 1099 (1944)

A company deriving the majority of its operating income from issuing certificates of title, rather than title insurance policies, is not considered an insurance company under Section 204 of the Internal Revenue Code.

Summary

Columbia Title Insurance Company and The Real Estate Title Insurance Company sought to be classified as insurance companies for tax purposes under Section 204 of the Internal Revenue Code. The Tax Court denied this classification, finding that the majority of their income was derived from issuing certificates of title, which are merely reports on the record title, rather than actual title insurance policies that indemnify against loss due to title defects. Because their primary business was not insurance, they could not be taxed as insurance companies.

Facts

Columbia Title Insurance Company and The Real Estate Title Insurance Company, operating jointly, derived income from issuing certificates of title and title insurance policies. A significant portion of their income came from issuing certificates of title, which certified the condition of title

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