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§5–401.

(a) (1) Except for securities subject to amortization and except as otherwise provided in this title, an insurer's investments shall be valued, at the discretion of the Commissioner, at:

(i) their appraised value;

(ii) their fair market value; or

(iii) prices that the Commissioner determines represent their fair market value.

(2) If the Commissioner finds that a special investment reserve would be prudent in view of the character of investments, the Commissioner may require the insurer to:

(i) establish and maintain a special investment reserve of a reasonable amount for losses or fluctuations in value; and

(ii) submit a statement or report to the Commissioner on the financial condition of the reserve.

(3) In connection with an examination or required financial statement of an authorized insurer, the Commissioner may:

(i) require the insurer to submit a complete financial statement and audited report of the financial condition of a corporation in which the insurer owns securities; and

(ii) order an examination to be made of a subsidiary or affiliate of the insurer.

(b) (1) An insurer that owns 10% or more of the stock of another insurer shall have its stock valued at book value as shown by the more recent of:

(i) the last annual statement of the other insurer; or

(ii) the last report on examination of the other insurer.

(2) Except as provided in paragraph (3) of this subsection, the book value of a share of common stock of an insurer shall be represented by a fraction:

(i) the numerator of which is the amount of the insurer's capital and surplus, less the value of any outstanding preferred stock; and

(ii) the denominator of which is the number of shares of the insurer's common stock issued and outstanding.

(3) An insurer may value its holdings of stock in a subsidiary insurer in an amount that is not less than the acquisition cost, if the acquisition cost is less than the value determined under paragraph (2) of this subsection.

(c) The stock of a subsidiary of an insurer shall be valued on the basis of only those assets that would be authorized investments for the insurer if the insurer acquired or held them directly.

(d) Real estate that is acquired by foreclosure or by deed in lieu of foreclosure may not be valued at an amount greater than the sum of:

(1) the unpaid principal of any defaulted loan at the date of the foreclosure or deed;

(2) any taxes and expenses that the insurer pays or incurs to protect the investment or in connection with the acquisition, except for uncollected interest on any loan;

(3) the cost of a later addition or improvement by the insurer; and

(4) an amount that the insurer pays later on assessments levied for improvements in connection with the property.

(e) Purchase-money mortgages shall be valued in an amount not exceeding the lesser of:

(1) the acquisition cost of the real property; or

(2) 90% of the value of the real property.

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