

INSURANCE COMPANIES, DEBTS VALUATED
Act of Jul. 12, 1935, P.L. 969, No. 312
AN ACT

Cl. 40

Providing for the valuation of bonds and other evidences of debt held by domestic and foreign stock and mutual insurance companies, associations and exchanges authorized to do business in this State. (Title amended Aug. 2, 1963, P.L.491, No.256)

Section 1. Be it enacted, &c., That all bonds or other evidences of debt held by any domestic or foreign stock or mutual insurance company, association or exchange, authorized to do business in this State, shall, if amply secured and if not in default as to principal or interest, be valued: If purchased at par, at the par value; and if purchased above or below par, be valued either (1) on the basis of the purchase price adjusted so as to bring the value to par at maturity and so as to yield, meantime, the effective rate of interest at which the purchase was made, or (2) on the basis of the method of calculation commonly known as the pro rata method: Provided, That the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase. The Insurance Commissioner shall have the power to determine the eligibility of any such investments for valuation on the basis of amortization and may, by regulation, prescribe or limit the classes of securities so eligible for amortization. Any such insurer may return such bonds or other evidences of debt at their market value or their book value but, in no event, at an aggregate value exceeding the aggregate of the values calculated according to the method employed by it in conformity with the foregoing: Provided, however, That where a bond or evidence of debt amply secured, and not in default as to principal or interest, has been acquired by a domestic stock or mutual company, association or exchange as a result of an exchange of securities and the Insurance Commissioner has determined such transaction to be an exchange and to be for the betterment of the portfolio of such insurer, the purchase price of such bond or evidence of debt shall be deemed to be the value of the security or securities exchanged therefor, as shown in the last preceding annual statement of such domestic stock or mutual company, association or exchange filed with the Insurance Commissioner.

(1 amended Aug. 2, 1963, P.L.491, No.256)

Section 2. All acts and parts of acts inconsistent herewith are hereby repealed.