

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 241 Session of
2001

INTRODUCED BY GODSHALL, CORNELL AND YOUNGBLOOD, JANUARY 29, 2001

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 29, 2001

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," further providing for general
12 investment provisions and restrictions.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. Section 406.1 of the act of May 17, 1921
16 (P.L.682, No.284), known as The Insurance Company Law of 1921,
17 is amended by adding a subsection to read:

18 Section 406.1. General Investment Provisions and
19 Restrictions.--Investment under authority of section 404.2 and
20 holding of real estate under authority of section four hundred
21 six by any life insurance company, organized under the laws of
22 this Commonwealth, shall be subject to the following provisions:

23 * * *

1 (t) Real estate occupied by the company and real estate held
2 for the production of income shall be carried at depreciated
3 cost less encumbrances unless events or circumstances indicate
4 the carrying amount of the asset may not be recoverable. If the
5 fair market value of the asset is less than the carrying value,
6 the asset shall be written down to the fair market value thereby
7 establishing a new cost basis. The current fair market value of
8 real estate shall be determined on a property-by-property basis,
9 and shall be defined as the price that the real estate would
10 bring in a competitive and open market under all conditions
11 requisite to a fair sale. The fair market value of the real
12 estate shall be determined not less than triennially by
13 obtaining an appraisal prepared by a State-certified real estate
14 appraiser.

15 Section 2. This act shall take effect in 60 days.