§ 1414. Valuation of investments. (a) (1) All obligations having a fixed term and rate of interest and held by any life insurance company or fraternal benefit society authorized to do business in this state, if amply secured and not in default as to principal or interest, shall be valued as follows:

(A) if purchased at par, at the par value;

(B) if purchased above or below par, on the basis of the purchase price adjusted so as to bring the value to par at maturity and yield in the meantime the effective rate of interest at which the purchase was made, or, in the superintendent's discretion, on the basis of the method of calculation commonly known as the pro rata method.

(2) The purchase price shall in no case be taken at a higher figure than the actual market value at the time of acquisition.

(3) The superintendent 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 types of securities so eligible for amortization. All obligations which in the judgment of the superintendent are not amply secured shall not be eligible for amortization and shall be valued in accordance with subsection (b) hereof.

(4) The superintendent may, if he finds that the interests of policyholders so permit or require, by regulation permit or require any class of insurers, other than life insurance companies or fraternal benefit societies, authorized to do business in this state, to value their obligations in accordance with the foregoing rule.

(b) (1) Except securities subject to amortization and except as otherwise provided in this chapter, the investments (including any investments in an investment company) of all insurers authorized to do business in this state shall be valued, in the discretion of the superintendent, at their market value, or at their appraised value, or at prices determined by him as representing their fair market value.

(2) If the superintendent finds that in view of the character of investments of the insurer it would be prudent for such insurer to establish a special reserve for possible losses or fluctuations in the values of its investments, he may require that a reserve, reasonable in amount, be established and maintained and that it be reported in any statement or report of the financial condition of such insurer.

(3) The superintendent may, in connection with any examination or required financial statement of the insurer, require it to furnish him a complete financial statement and audited report of the financial condition of any corporation whose securities are owned wholly or partly by such insurer and may cause an examination to be made of any subsidiary or affiliate of such insurer.

(c) (1) The shares of an insurance company which is not a subsidiary, or affiliate, including for purposes of this subsection any corporation having a majority of its assets invested in one or more insurance companies, shall be valued in accordance with subsection (b) of this section if such shares are registered on a national securities exchange, as provided in the federal Securities Exchange Act of 1934, 15 U.S.C. §§ 78a-78kk.

(2) Except as otherwise provided in section four thousand two hundred forty of this chapter, shares of an insurance company which is a subsidiary, or affiliate, shall be valued according to the methods approved by the National Association of Insurance Commissioners for the valuation of subsidiary, controlled and affiliated entities, or such other method that the superintendent in a regulation determines would be in the best interests of the policyholders and the people of this state.

(3) The book value of common shares of an insurance company shall be ascertained by dividing (i) the amount of the insurer's capital and surplus less the value of all its preferred shares, if any, outstanding, by (ii) the number of common shares outstanding.

(4) Notwithstanding the foregoing provisions, an insurer may, at its option, value its shares in a subsidiary insurance company in an amount not less than acquisition cost if it is less than the value determined as hereinbefore provided.

(d) Real property acquired by foreclosure or by deed in lieu thereof, in the absence of a recent appraisal deemed reliable by the superintendent, shall not be valued at an amount greater than the unpaid principal of the defaulted loan at the date of such acquisition, together with any taxes and expenses paid or incurred by such insurer at such time in connection with such acquisition (but not including any uncollected interest on such loan), and the cost of additions or improvements thereafter made by such insurer and any amounts thereafter paid by such insurer on any assessments levied for improvements in

connection with the property.

(e) Purchase money mortgages received on dispositions of real property shall be valued in an amount not exceeding ninety percent of the value of such real property as determined by an appraisal made by an appraiser at or about the time of the disposition; provided that purchase money mortgages received on dispositions of real property acquired or held pursuant to paragraph five of subsection (a) of section one thousand four hundred four of this article or on dispositions of real property acquired or held under section one thousand four hundred five of this article in satisfaction of loans, mortgages, liens, judgments, decrees or other debts previously owing to such insurer in the course of its business shall in no event be valued in an amount exceeding its acquisition costs.

(f) The stock of a subsidiary of an insurer shall be valued on the basis of the greater of: (i) the value of only such assets of such subsidiary as would constitute lawful investments if acquired or held directly by the insurer; or (ii) such other value as may be determined pursuant to standards and cumulative limitations in regulations promulgated by the superintendent.

(g) Notwithstanding any provision contained in this section or elsewhere in this chapter, if the superintendent finds that the interests of policyholders so permit or require, he may permit or require any class of insurers authorized to do business in this state to value their investments or any class thereof as of any date heretofore or hereafter in accordance with any applicable valuation or method approved by the National Association of Insurance Commissioners.