

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 230

S. P. 101

In Senate, February 3, 1977

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary

Presented by Senator Pierce of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

AN ACT Relating to Valuation of Real Estate Held by Insurers.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 24-A MRSA § 982, sub-§ 3, as last amended by PL 1973, c. 585, § 12, is further amended to read:

3. The stock of a subsidiary of an insurer shall be valued on the basis of the greater of the value of only such of the assets of such subsidiary as would constitute lawful investments for the insurer if acquired or held directly by the insurer or such other value determined pursuant to standards and cumulative limitations contained in a regulation promulgated by the superintendent or if the superintendent so permits or requires, he may permit or require any class or classes of insurers domiciled or authorized to do business in this State to value their investments or any class or classes thereof in any subsidiary, as of any date heretofore or hereafter in accordance with any applicable valuation or method approved by the National Association of Insurance Commissioners and adopted in a regulation promulgated by the superintendent.

Sec. 2. 24-A MRSA § 983, sub-§ 1, as amended by PL 1973, c. 585, § 12, is further amended to read:

1. Real property acquired pursuant to a mortgage loan or contract for sale ~~in the absence of a recent appraisal deemed by the superintendent to be reliable~~ shall not be valued at an amount greater than the ~~lesser of the fair value of the real property as determined by a recent appraisal deemed by the superintendent to be reliable, or the~~ unpaid principal of the defaulted loan or contract at the date of such acquisition, together with any taxes and expenses paid or incurred in connection with such acquisition, and the cost of improve-

ments thereafter made by the insurer and any amounts thereafter paid by the insurer on assessments levied for improvements in connection with the property.

Sec. 3. 24-A MRSA § 983, sub-§ 2, as amended by PL 1973, c. 585, § 12, is repealed and the following enacted in its place:

2. **Other real property held by an insurer shall not be valued at an amount that is greater than the lesser of actual cost or fair value as determined by recent appraisal. If valuation is based on an appraisal more than 3 years old or that does not recognize subsequent material property alterations, the superintendent may at his discretion call for and require a new appraisal in order to determine fair value.**

STATEMENT OF FACT

This bill, if enacted, will more clearly define the valuation basis upon which real estate values are to be determined and will ensure more realistically realizable equity presentation of such values by insurers in published financial statements.