

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.841 Valuation of certain bonds or other evidences of debt.

Sec. 841. (1) Subject to subsection (2), all bonds or other evidences of debt having a fixed term and rate of interest held by an insurer, if amply secured and not in default as to principal or interest, may 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 so as to yield in the meantime the effective rate of interest at which the purchase was made, or in lieu of such method, according to the accepted method of valuation as approved by the commissioner.

(2) The purchase price of a bond or evidence of debt under subsection (1) shall not be taken at a higher figure than the actual market value at the time of purchase, plus actual brokerage, transfer, postage, or express charges paid in the acquisition of the securities.

(3) The commissioner shall have full discretion in determining the method of calculating values under this section, but a method or valuation shall not be inconsistent with any applicable valuation or method used by insurers in general.

History: Add. 1992, Act 182, Imd. Eff. Oct. 1, 1992.

Popular name: Act 218