Defined terms: "Annuity" § 1–101
"Commissioner" § 1–101
"Insurer" § 1–101
"Life insurance" § 1–101
"Premium" § 1–101

GENERAL REVISOR'S NOTE TO SUBTITLE:

Former Art. 48A, § 83(2), which set forth the minimum standard for the valuation of policies and contracts issued before the operative date of the Maryland Standard Nonforfeiture Law, is transferred to the Session Laws of Maryland.

Depending on the insurer's election and possible extension by the Commissioner, the operative date of the Maryland Standard Nonforfeiture Law is a date after June 1, 1947, but not later than December 31, 1949. The reserves required for policies and contracts issued before that date have long been set and neither the minimum reserves required nor the reserves established by insurers for these policies and contracts are subject to further change (with the exception of possible reduction, under certain circumstances, of reserves with the Commissioner's approval under § 5–301(d) of this subtitle). The Insurance Article Review Committee decided that in view of its limited and diminishing applicability, the former provision should not be revised in this article. However, as policies and contracts issued before the operative date of the Maryland Standard Nonforfeiture Law remain in effect, the former provision clearly is not obsolete at this time.

Accordingly, the former provision is preserved intact and transferred to the Session Laws. See Ch. XX, Acts of 1995. The Insurance Article Review Committee calls this transfer to the attention of the General Assembly.

SUBTITLE 4. VALUATION OF INVESTMENTS.

5–401. VALUATION OF INVESTMENTS.

(A) VALUATION IN GENERAL.

(1) EXCEPT FOR SECURITIES SUBJECT TO AMORTIZATION AND EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, AN INSURER'S INVESTMENTS SHALL BE VALUED, AT THE DISCRETION OF THE COMMISSIONER, AT:

(I) THEIR APPRAISED VALUE;

(II) THEIR FAIR MARKET VALUE; OR

(III) PRICES THAT THE COMMISSIONER DETERMINES REPRESENT THEIR FAIR MARKET VALUE.

(2) IF THE COMMISSIONER FINDS THAT A SPECIAL INVESTMENT RESERVE WOULD BE PRUDENT IN VIEW OF THE CHARACTER OF INVESTMENTS, THE COMMISSIONER MAY REQUIRE THE INSURER TO:

(I) ESTABLISH AND MAINTAIN A SPECIAL INVESTMENT RESERVE OF A REASONABLE AMOUNT FOR LOSSES OR FLUCTUATIONS IN VALUE; AND