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INSURANCE CODE - INS

DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8] (Division 1 enacted by Stats. 1935, Ch. 145.)

PART 2. THE BUSINESS OF INSURANCE [680 - 1879.8] (Part 2 enacted by Stats. 1935, Ch. 145.)

CHAPTER 2. Incorporated Insurers [1140 - 1260] (Chapter 2 enacted by Stats. 1935, Ch. 145.)

ARTICLE 7. Valuation of Investments [1250 - 1254] (Article 7 enacted by Stats. 1935, Ch. 145.)

1250. When any domestic incorporated insurer has, pursuant to the laws of this State, invested any of its funds in purchases of, or loans upon, the stock or obligations of a corporation or of a nation, state, or political or municipal division of a state, if the commissioner has reason to believe that such stock or obligations are not amply secured or are not yielding an income, he may direct the insurer to report to him under oath the amount of the stock or obligation, the security therefor and its market value.

(Enacted by Stats. 1935, Ch. 145.)

1251. A stock, bond or other evidence of debt if in default as to principal or interest, or if not amply secured, shall not be valued as an asset of the insurer above its market value.

(Enacted by Stats. 1935, Ch. 145.)

1252. All bonds or other evidences of debt held by an admitted incorporated insurer if amply secured and if not in default as to principal or interest may, in the discretion of the commissioner, 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 the effective rate of interest on the price at which the purchase was made.

(c) In such valuation, the purchase price shall in no case be taken at a higher figure than the actual market value at the time of purchase.

The commissioner shall have full discretion in determining the method of calculating values according to the foregoing rule, the values found by him in accordance with such method being final and binding.

(Enacted by Stats. 1935, Ch. 145.)

1253. Any such insurer may report such bonds or other evidence of debt at market value or book value, but in no event at an aggregate value exceeding the aggregate of the values calculated according to the rule prescribed by section 1252.

(Enacted by Stats. 1935, Ch. 145.)

1254. Any asset of an insurer which is found by the commissioner to be insolvent or threatened with insolvency shall be reduced in value, if necessary, to reflect its proper value.

Where the asset is subject to an offset or lien which the commissioner has reasonable grounds to believe is about to be exercised or enforced, the commissioner may require that the asset and the liability which gives rise to the offset or lien be reduced proportionately.

The commissioner shall grant a hearing to establish the value of an asset upon written demand of the insurer.

(Added by Stats. 1967, Ch. 1614.)