Council Directive of 19 December 1991 on the annual accounts and consolidated accounts of insurance undertakings (91/674/EEC)

SECTION 7

Valuation rules

Article 49

1   In the case of land and buildings current value shall mean the market value on the date of valuation, where relevant reduced as provided in paragraphs 4 and 5.

2   Market value shall mean the price at which land and buildings could be sold under private contract between a willing seller and an arm's length buyer on the date of valuation, it being assumed that the property is publicly exposed to the market, that market conditions permit orderly disposal and that a normal period, having regard to the nature of the property, is available for the negotiation of the sale.

3   The market value shall be determined through the separate valuation of each land and buildings item, carried out at least every five years according to methods generally recognized or recognized by the insurance supervisory authorities. Article 35 (1) (b) of Directive 78/660/EEC shall not apply.

4   Where the value of any land and buildings item has diminished since the preceding valuation under paragraph 3, an appropriate value adjustment shall be made. The lower value thus arrived at shall not be increased in subsequent balance sheets unless such increase results from a new determination of market value arrived at in accordance with paragraphs 2 and 3.

5   Where on the date on which the accounts are drawn up land and buildings have been sold or are to be sold within the short term, the value arrived at in accordance with paragraphs 2 and 4 shall be reduced by the actual or estimated realization costs.

6   Where it is impossible to determine the market value of a land and buildings item, the value arrived at on the basis of the principle of purchase price or production cost shall be deemed to be the current value.

7   The method by which the current value of land and buildings has been arrived at and their breakdown by financial year of valuation shall be disclosed in the notes on the accounts.