

provision is in there. You have a situation which people of some considerable means were going under. The last thing they did they looked in the insurance law and the insurance law that says you can't garnish a life insurance contract or attach it for a creditor was in the old law. The last thing they did just before they declared bankruptcy was to write the biggest policy in the world on their life, move their goods into a life insurance package, and that life insurance package survived their bankruptcy. So a smart bankruptcy person would be able to take a hundred, hundred and fifty thousand dollars of assets, stick it into a life insurance contract, and have that survive bankruptcy because of the old language about life insurance contracts not being subject to approval. The \$5,000 figure is in there to say you can't take the life insurance contract with you through bankruptcy if it is an unmatured life insurance contract because that is somebody who just got it, right? They haven't paid on the contract for 20 years. They did it in contemplation of going bankrupt, and it was to get around what had been used in Nebraska and elsewhere to escape the effect of bankruptcy for somebody who was well to do and plug the loophole.

SENATOR GOODRICH: What you are saying then is that even if this life insurance policy has a loan of \$4,495 on it, aren't you saying in here that the life insurance company cannot deduct that from the proceeds of the policy, that is (interruption).

SENATOR LANDIS: No, the insurance companies helped me draft the language. All they will do is if they have a \$100,000 policy, there is a payoff, and they have already given \$4,000 of a loan, they will give you \$96,000. They won't have to attach to get back their loan value, if you will. They won't need to use those mechanisms. Those mechanisms are used by a creditor against somebody and here is a big plum of their assets which is not available for attachment and garnishment under old law until we put this \$5,000 maximum and tied it to unmatured life insurance contracts.

SPEAKER NICHOL: Okay, thank you. Okay, Senator Landis, you were on next. Did you wish to speak further?

SENATOR LANDIS: I just wished to explain what that provision was in there and what it was meant to accomplish and the fact that now it will also apply to people who have