

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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FLOOR DEBATE

March 11, 2004 LB 980

Commerce, and Insurance Committee without amendment. The law of insurable interest generally states that you have to have some family or business interest of the life of an insured person to have an insurable interest in that person. Nebraska law currently carves out an exception to this general rule for 501(c)(3) organizations if the insured person gives his or her permission. In other words, a 501(c)(3) may be the legal owner of a life insurance policy in the state of Nebraska. LB 980 would expand this exception to allow Section 170(c) organization--which, a 170(c) under the Internal Revenue Code--to be a legal owner of life insurance policies in the state of Nebraska. Section 170(c) organizations are primarily government entities to which a charitable contribution may be made and deducted for federal income tax purpose. This matter came to the attention of the committee when a prospective insured tried to make a gift of the ownership of a life insurance policy, part of which to a college, which is a 501(c)(3) corporation, and the other part of which to an Indian tribe. The attorney researching this prospective gift said that Indian tribes may not be the owners of life insurance policies in Nebraska because they are not a 501(c)(3) organization, but are, in fact, a government organization. LB 980 would fix that apparent oversight in Nebraska law. I would urge you to advance LB 980 to Select File.

SENATOR CUDABACK: You've heard the opening on LB 980. Any debate on LB 980? No lights on, Senator Quandahl. You may close if you care to.

SENATOR QUANDAHL: I guess my closing would be, I would urge the advancement of this, and I would also remind the body, this is the time to vote green. And I know there is some other things going on, but let's just hang together. We are on consent calendar, and I would urge the advancement of LB 980.

SENATOR CUDABACK: Thank you, Senator Quandahl. You've heard the closing on LB 980. The question before the body is, shall LB 980 be advanced to E & R Initial? All in favor vote aye, opposed nay. We're voting on the advancement of LB 980. Have you all voted who care to? Record please, Mr. Clerk.