

March 29, 1973

SENATOR ANDERSON: Mr. President, I would like a point of clarification. Either Senator Carpenter could do this or perhaps from the Clerk. I'd like to know, does the amendment proposed by Senator Carpenter include the grandfather clause that I understand was in the original text of L.B. 305?

CLERK: Well, it sounds like it does. (read)

SENATOR ANDERSON: Okay. Thank you.

PRESIDENT: Senator Skarda.

SENATOR SKARDA: Mr. President, I'd like to direct a question to Senator Murphy. Senator Murphy, does the Federal Government put this restriction on and why? You, you evidently heard the bill and where the fact that the Federal Government has this, there must be a purpose or there must be some good intent for it. If you can't answer it, possibly Senator Duis can, I--

PRESIDENT: Senator Murphy, do you care to respond?

SENATOR MURPHY: I would be perfectly happy to have Senator Duis. However, I would answer in the affirmative. The Federal Reserve does require national banks in towns that size not to. However, most of your national banks in towns that size have now moved into a one bank holding company. One of the ten permitted activities of those companies is an insurance company so you have 6 apples in one hand or the other.

PRESIDENT: All right. Senator Duis, back to you.

SENATOR DUIS: Mr. President. Actually, you're getting right at the crux of the bill right now, as it was introduced the first time. The Federal--the national banks can act, not in the insurance business at the present time, but they must have a separate holding--holding company and I think if I gathered as we went along through this hearing, a real problem existed in my mind in voting for the bill so naturally, I voted to kill the bill because, and I'm going to state specific things because I think they should be stated at the present time and Senator Murphy or anybody else, if they disagree with me, let me know. When you talk about the size of the town, the statement was made that bothered me considerably because the proponents of this bill, the ones that were for not having banks selling in, above a certain number of people, was the fact that the insurance agents in those towns under five or ten thousand couldn't write insurance right so they were going to let them go ahead because they didn't know what they were doing. Of course, this bothered me a little bit as you can well imagine but the big problem came because the national banks couldn't do it at the present time, could form a holding company which could write insurance. Now if I heard this bill correctly, the National Bank of Commerce was in the process of doing this and apparently they were going in--they have a branch in Kearney and places like that and there became a problem that a few, very, very few insurance agents got afraid that the National Bank of Commerce was going to do this. Now the only way a national bank can't sell insurance through a holding company is if you have a state law, then they can't do it; otherwise they can and I think that was the crux of the bill and that's the reason I voted against the bill because it looked to me like it was more or less of just a single deal that they were trying to get squared away and they had a lot of insurance agents supporting the bill that didn't even know what was going on.

PRESIDENT: Senator Fred Carstens.

SENATOR CARSTENS: Mr. President and Members, I think Senator Duis has just explained part of what I was going to mention. I do want to say this though. I know there is a tendency to