

February 25, 1981

LB 195, 409

SPEAKER MARVEL: The motion is carried. The bill is advanced. The next bill is LB 195.

CLERK: Mr. President, LB 195 was introduced by Senator Warner. (Read title.) The bill was read on January 15, referred to the Banking Committee for public hearing. It was advanced to General File. There are committee amendments pending, Mr. President.

SPEAKER MARVEL: Senator DeCamp.

SENATOR DeCAMP: Mr. President, the committee amendments will only make sense in light of a little bit of an explanation of the bill, and with Senator Warner's permission I would give just a slight explanation of the bill. Is that okay, Senator Warner? First of all, let me alert you. This is a major bill. I think one of the important bills. If we do this we will be the only state in the United States to pioneer this particular concept. We are the first of the fifty states. And it would change the way insurance companies handle their reserves, their money. And we have done some studying and work with the insurance industry in Nebraska, and we think it would be beneficial in the state in terms of building stronger insurance companies and in possibly bringing new insurance companies into the state, and in recognizing strength rather than mere size of an insurance company. Under present law, insurance companies are very limited in what they can invest their money in. We have a number of insurance companies in Nebraska that have developed very, very strong reserves, the very thing Senator Higgins was talking about yesterday. So instead of taking this strength and simply dissipating it in the form of dividends or being limited in the amount of earnings they can make and get on it, we would say, if you have reached a certain level, and I think it is in the bill maybe 2 to 1 or 2.5 to 1, if you have reached that level, then we are going to say you can invest in other things. You can put money in Nebraska banks, for example, and get high interest. You would have a wide range of options. As I say, this would be the first state in the United States to attempt such a thing. The Banking, Commerce and Insurance Committee has studied the concept and worked with some of the local people here in Nebraska for about 18 months now, and we have concluded that this is a good concept. Senator Warner graciously has sponsored the bill. The amendment then with this new concept simply says, however, if a new insurance simply comes in and is starting out, they would immediately have obviously the higher ratio, so you don't want to give them these