

February 21, 1991 LB 237

according to the type of assets such as a 20 percent limitation on insurance assets that can be used in common stock or the like. Somewhat stricter limits are placed on the amounts of funds that an insurance may invest in relatively nonliquid investments such as real estate or real estate mortgages. And then there are limitations on both the quantity and the quality of below investment grade corporate bonds. And by the way, in the event we wind up passing LB 237, we will have as strict a law in this state as any other state on the regulation of investment practices by insurance companies in junk bonds. Nebraska will be at the cutting edge of this kind of restriction. I would move for the advancement of the bill. I'll be happy to answer any questions.

SPEAKER BAACK: Thank you, Senator Landis. Senator Wesely, on the bill as amended.

SENATOR WESELY: Thank you, Mr. Speaker, members, I'd like to bring you up to date a little bit from my perspective on this legislation as well. I want to thank Senator Landis for holding the bill back from the other package that came forward earlier. As you recall, we did advance a number of uniform acts to bring us in compliance with various solvency recommendations at the national level. This bill is not part of that as Senator Landis said, but it is an important step that I think eventually will be looked at on a uniform basis nationally and we will be at the cutting edge on this issue in Nebraska if we pass this legislation. Only a handful of states have acted on some sort of restrictions along these lines of investment. I did, in the committee hearing, however, express my concern about the legislation having a negative impact on investment in businesses in Nebraska and Senator Conway shared that concern as well. If you follow the below investment grade bond issue, you'll know that there has been a lot of buzz words such as junk bonds attached to those that get people starting off concerned and apprehensive and they should be for the most part, but there is a point that needs to be made here that not all of these so-called junk bonds or below investment grade bonds are bad. And, in fact, the vast majority of Nebraska businesses when they try to issue bonds are going to be of that nature and not of the investment grade nature that we all would love to see, but is not a difficult, but is, in fact, a difficult thing to achieve. And so the restrictions in this bill as Senator Landis has gone through them I think are by and large very much in order and sensible but I had expressed again the concern that they may