

SENATOR LANDIS: It's this very rifle shot federal act telling states how to interpret a particular set of mortgage transactions, but state law is much broader. So there is not a general preemption at work here, there is one rifle shot preemption and then a very broad review of all the rest of the state policy.

SENATOR BEUTLER: Okay. In taking current state law and bringing this diffused mass into one coherent section, is it...is there any area where you made investment policy of the state more liberal with regards to the types of investments that are possible or with regard to the securities necessary in order to invest particular amounts of your available funds in particular kinds of investments? In other words, the general question I'm trying to get at, is there any area where current law has been liberalized in any way with regard to the types of securities that may be invested in by any company regulated under this law?

SENATOR LANDIS: Yes, there are. Although the general tone of the legislation is to move ourselves into a more conservative posture, it has not been a uniform lock step. There has been some exchange. For example, you'll find in Section 37 that with respect to foreign securities we have increased the percentage of asset limitation from the existing asset level, a maximum limitation of 3 percent to 5 percent. Now you might regard that as a liberalization but that's all from the context of many other places where we have created limitations on what is now unlimited investment practices. A second place that you might think of it as being a mixed bag, we currently say that you may have 5 percent of noninvestment grade corporate bonds.

SENATOR BEUTLER: Of noninvestment grade?

SENATOR LANDIS: Noninvestment grade corporate bonds and after this it will be...the number will be 15 percent, but...

SENATOR BEUTLER: Under the Section 53 provision?

SENATOR LANDIS: Fifty-two, but the way we interpret it is a little different. We now use an old system in our laws that allowed the NAIC...

SPEAKER BAACK: One minute.