

LEGISLATIVE BILL 713

Approved by the Governor February 3, 1988

Introduced by Lynch, 13

AN ACT relating to insurance; to amend section 44-320, Reissue Revised Statutes of Nebraska, 1943; to permit certain transactions involving officers of domestic insurance companies as prescribed; to repeal the original section; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 44-320, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-320. No director or officer of any domestic company doing business under this chapter shall receive any money or valuable consideration for negotiating any loan for any such company; or for selling or aiding in the sale of any property to or by the company; nor shall such director or officer borrow money from; or buy any property from or sell any property to such corporation, except that a domestic insurance company may make a loan to an officer of such company for the purchase of a principal residence or may acquire the principal residence of an officer in connection with the relocation of the officer's place of employment at the request of the company either during the course of employment or upon initial employment of such officer. Any loan permitted under this section shall be secured by a first trust deed or first mortgage and shall not exceed seventy-five percent of the fair market value of the property. Any acquisition permitted under this section shall not exceed the fair market value of the property.

For purposes of this section, fair market value shall mean the market value of real estate as determined by a licensed real estate appraiser who is recognized as a Member of the Appraisal Institute, a Residential Member by the American Institute of Real Estate Appraisers, a Senior Real Estate Analyst, a Senior Real Property Appraiser, or a Senior Residential Appraiser by the Society of Real Estate Appraisers, or an American Society Appraiser by the American Society of Appraisers.

Any loan or acquisition permitted under this

section shall be subject to (1) the approval of the domestic insurance company's board of directors or a delegated committee of the company and (2) prior written approval of the Director of Insurance based upon written application by the company including full and fair disclosure of the terms of the transaction. Approval of such transaction by the Director of Insurance shall be presumed unless notice of disapproval is received by the applicant within thirty days of the filing of the application. Approval of such transaction may be denied if the director finds that it is not in the best interest of the company or that the terms of the transaction are not fair and reasonable to the company.

Sec. 2. That original section 44-320, Reissue Revised Statutes of Nebraska, 1943, is repealed.

Sec. 3. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.