

in the south balcony from College View Academy, here in Lincoln, Nebraska. They are accompanied by their teacher. If you would stand please and be recognized by the Legislature. Thank you for joining us today. Senator Landis, to open on the bill.

SENATOR LANDIS: Thank you, Mr. President and members of the Legislature. This omnibus insurance measure covers about two major provisions, and then a series of minor miscellaneous amendments to the insurance laws. The first big idea in this bill is a model act, offered to us by the National Association of Insurance Commissioners. It is the NAIC Financial Regulation Standards and Accreditation Program that lists for us the major kinds of regulations we should have in this state to have sound insurance regulation. And one of them is the Disclosure of Material Insurance Transaction Acts. What that means is when an insurance company makes a major material transaction, a big sale of assets, a big purchase of assets, that the state insurance department gets told about it in a timely fashion. Understand that we now examine insurance companies on a cyclical basis. However, that cycle can be one year to four years on the cycle. But a major material transaction of asset purchase or sale could very much affect the well-being of that company and your regular examination cycle could be years away before you picked that fact up. So the NAIC says, you get a material transaction, let's say the cancellation of your reinsurance, let's say a major disposition of assets or the like. In those situations 15 days after the transaction occurs the department needs to be told about it. Why? Because we have to keep up on the safety and soundness and solvency of our insurance companies. And they can change in a volatile market very quickly. Our examination cycle is great, but if we don't pick up big, important, significant changes in the health and well-being of our insurance companies, we could have one go down on us without a chance to intervene in a timely fashion. We now have these provisions in our Insurance Holding Company Act. However, not all insurance companies are part of the Insurance Company Holding Act, and therefore to pick up the rest we have to do Sections 1 through 6 of the bill. Sections 32 to 47 represent an NAIC model that was passed this last year, it was recently amended to apply to a new group of insurance companies. And last year we followed the model when we adopted the Risk-Based Capital Act to life and health insurance companies. Understand that we expect insurance companies to tell us how much money they have, how much capital, how sound are they. And we have capitalization standards that they have to meet. But that's