

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

January 29, 2001 LB 51

therefore we're going to allow the states to regulate insurance. So we've been living for 50 years or so with state regulation of insurance at the behest or whim of the federal government. Recently, in the last decade, the desire for a shift from the locus of the state to the locus of the federal government as the center of insurance regulation has begun to arise in the industry itself. Originally, it came about from some consumer groups who said we want to have a handle on insurance and we think the federal government can do that, and that was shot down. But parts of the insurance industry are now making the same argument. About a year ago we passed the Gramm-Leach-Bliley Act in Congress; it was a financial services modernization act. It affected all kinds of financial institutions but among them insurance. And that part of the insurance industry that's looking for more federal regulation had a...had the high hand, had the strong cards in Gramm-Leach-Bliley, called GLBA in the business, and it gradually sent out a signal to the states saying, you need to make your regulation more harmonious, more uniform and more easily complied with by nationwide insurance companies that are doing business in 30, 40 or 50 states. What you see before you in LB 51 is the first of what I would predict will be several pieces of legislation that will try to find a new balance between state regulation and federal regulation. And this is a state regulation system but consistent with a general goal of national uniformity. What Congress told us was this, plenty of insurance companies have agents that do business in multiple states; and right now they have to go out and they have to get an individual license in every one of those states that they do business in; they have to pay a fee in every one of those states; they have to take tests in those various states. You've made it so that the ability of the company to create a nationwide network of agents is very difficult and the training that the company gives its own members and employees has to address state-by-state differences, and it's just too much of a hassle. States, you have about 18 months; if you can get essentially similar rules in all, well, thirty-some states, then we won't go forth with our plan, because our plan is to handle the entire insurance agency licensure process by a quasi-private corporation doing business with the federal government. We're going to hand it over to an association of registered agents and