

effect at the present time at 6% or 4 $\frac{1}{2}$ % or 8% will not be affected, only those policies sold from now on. Now what they are going to do is to use by the amendments that you adopted from the committee amendments probably use the Moody's Index on Bond Yields. Last year they were 12.75% which is certainly below the current amount of money that you can borrow or the percentage that you are going to have to pay at a bank. The only thing that they could charge would be this index and it is set by the Commissioner, the Insurance Commissioner of the State of Nebraska. It is a model bill. It brings the insurance industry in line with stopping a run on the insurance company. If they have a \$100,000 cash value on their policy they are borrowing it. The insurance companies do not question that. The contract said they could borrow it at 6% or 8%, whatever their policy had at that time and consequently they were making a run on the insurance company to put this money out at 14%, 15%. That is all this bill does. It just does it from now on, not in the past and I will be glad to answer any questions.

SPEAKER MARVEL: Senator DeCamp, do you wish the floor?
Senator Nichol.

SENATOR NICHOL: Mr. Chairman, I just have one question. Senator Clark, I don't oppose your bill. I just have a question. You say that they set a rate of interest. Would this be done once a year or would this be flexible so they could do this several times during the year or could they do it day to day or...?

SENATOR CLARK: The interest rate could only go up when that bond interest rate went up by a half point or more. It could not go up any more and it must come down also if it comes down.

SENATOR NICHOL: But could this be done daily or...once a year?

SENATOR CLARK: No, no. In the first place it takes about, one company I charge with, about \$35,000 to send notices to every policyholder would have to be notified, what they are doing, what the rate would be at that time and they have to be notified. That costs about \$35,000 to notify these people so consequently, the only notice I think that they are going to get is going to be the original notice when they raise it up to 12.5 or whatever that point is allowed by the Commission. That is all it is going to do.

SENATOR NICHOL: But what you are saying is they may change this as often or as seldom as they choose but they still must go through the routine of doing it.