

actually in trouble many times because they don't borrow. They have to pay a higher interest rate because of that.

SENATOR HEFNER: Okay, in other words what you are saying that it doesn't hardly pay the small policy owner to borrow on his because it is such a small amount?

SENATOR CLARK: They cannot take that money out and put it at 14% when it is that small.

SENATOR HEFNER: Because it wouldn't be large enough. Okay, do you know what the ratio of loans of an insurance company to their assets is, the ratio of loans to their assets?

SENATOR CLARK: I have no idea.

SENATOR HEFNER: Okay, I noticed here that you say that it could be real rough on some of these insurance companies if the run is kept up.

SENATOR CLARK: Well the reason for that is that some of these smaller insurance companies had to go out and pay 16%, 17%, 18% for money in order to affectuate the contract they put out originally so that they can put that money out because they did not have that money in reserve. They had to go out and borrow money to loan the money at 7%, at 8%, 6%, whatever the contract called for and what they had to do was go out and borrow the money to put that money out and that is the bad thing about it.

SENATOR HEFNER: Okay, thank you, Senator.

SENATOR CLARK: It is not going to stop that either because those policies will still be in effect, they are contracts and you cannot abrogate the contracts.

SENATOR HEFNER: Okay, thank you, Senator Clark. I fully support the bill because I think that we in the Legislature need to do something about this and I think this would correct some of the inequities that we have.

SENATOR CLARK: Thank you. I would move the bill to E & R.

SENATOR NICHOL PRESIDING

SENATOR NICHOL: We are now voting on the advancement of the bill. All those in favor vote aye, opposed no.

ASSISTANT CLERK: Senator Nichol voting aye.