

SPEAKER MARVEL: There were no lights on, Senator Dworak.

SENATOR DWORAK: Well I have a malfunction back here. My white button is detached and I was trying to get my light on and I couldn't get the light on.

SPEAKER MARVEL: Clear the board. The Clerk will clear the board. Do you have a malfunction similar to the one last week? Oh, okay. Clear the board. The Chair recognizes Senator Dworak.

SENATOR DWORAK: I can't get my light on so, okay, thank you.

SPEAKER MARVEL: You are recognized.

SENATOR DWORAK: I have several questions of Senator Kilgarin. It seems to me, Senator Kilgarin, that you are taking the option away from the insurance companies to charge a lesser interest rate. In other words, if the section you are amending is that the rate of interest charged on a policy loan made under subdivision (1) (b) of this section shall not exceed the higher of the following: The published monthly average for the calendar month ending two months before the date the rate is determined or the rate used to compute the cash surrender values under this policy. If the bill passes in its existing form, the insurance company cannot pay any more or cannot charge on policy loans any more than those two levels. You are saying they cannot charge any less than those two levels, forcing those interest rates maybe higher than should be charged. Am I correct in reading your amendment and would you please give me your reasons for insisting that these interest rates be at that high level?

SENATOR KILGARIN: Thank you, Senator Dworak. Yes, I will address your questions. The high levels you are talking about are the policies that are out presently and they are at 5% interest, 6% interest and some 8% interest rates right now and I seriously doubt, Senator Dworak, if the interest rate in the near future or even in the long range future is going to return to that level or that rate of the highest being 8% and I don't even think the interest rate is going to go down to 8%. Now the reason I am striking this is...

SENATOR DWORAK: ...Kilgarin, we are talking about only policies issued on or after the effective date of this act. So the policies now out at 6 or 7 or 8% are not affected at all and the argument you are giving me for your amendment