

March 23, 1981

LB 355

has to be agreed to in writing and that a policyowner is not going to agree to it in writing unless there is an advantage for the policyowner and I think there can very well be advantages to the policyowner.

SPEAKER MARVEL: Senator Higgins.

SENATOR HIGGINS: Will Senator Kilgarin yield to a couple of questions? Senator Kilgarin.

SENATOR KILGARIN: Yes.

SENATOR HIGGINS: Tell me again, your amendment says that if you buy a life insurance policy, and this will apply only to life insurance policies....

SENATOR KILGARIN: Excuse me?

SENATOR HIGGINS: This applies to life insurance policies, if you buy a life insurance policy, then your amendment says that the insured has to agree to any increase in the interest rate?

SENATOR KILGARIN: No, Senator Higgins.

SENATOR HIGGINS: That is what I am trying to get at. The amendment isn't clear enough to me to know what I am voting on.

SENATOR KILGARIN: Okay, page 734 of the Journal and it goes back to page 5 of the bill, 355, and it is striking language that presently gives the insurance companies the advantage or the possibility of going to a policyholder who bought his policy when the policy loan rate was like five percent or six percent or eight percent, you know, going to that policyholder and saying, "Well, gee, you know, we have got this really neat new thing where we can charge you approximately Moody's corporate bond yield average on you borrowing your own money in cash values from your policy", which, you know, we are talking about thirteen, fourteen percent interest to borrow your cash money. So this is giving the insurance companies the option to persuade, possibly, policyholders to agree to go under the new variable interest rate which in my estimation is of course going to be much, much higher than the old policy's set forth interest rate.

SENATOR HIGGINS: Senator Kilgarin, as you probably know, an insurance policy is a legal contract. Policies are written spelling out what the interest rate will be if you