

February 7, 1991 LB 233-236

money necessary to do insurance business. And that is why this change is necessary, and I would urge its adoption. What time I have remaining I yield to Senator Wesely.

SPEAKER BAACK: Approximately three minutes left, Senator Wesely.

SENATOR WESELY: Thank you. Mr. Speaker, members of the body, I rise in support of the advancement of LB 233 and, basically, would wish to speak to the whole issue of insurance solvency as embodied, not only by this bill, but the following bills, LB 234, LB 235, and LB 236, as well as legislation that will be coming forward on the floor shortly dealing with the investment policies of the grand practices of insurance companies. As Senator Landis said, I am the national co-chair of the National Council of State Legislatures task force on insurance solvency, and as that task force co-chair, I have been to a number of national meetings discussing this matter. Let me outline for you the broad background of where we are at in terms of insurance regulation in the states. Essentially, as Senator Landis said, this is one area in which the states have retained sovereignty versus the federal government in terms of a primary regulatory role. As we all know the federal government has preempted the states time and again in any number of areas and taken over powers that have once been reserved for the state and assumed those powers at the federal level. Insurance is one of the last vestiges of state regulatory power but it is losing its potential continued power because of concern about the solvency of insurance companies across the states. And what is happening is there is pressure building from both the Senate and the House for the Congress to step in and take over the regulatory functions that the states had assumed in terms of insurance company regulation. They feel that, just as with banks and S & Ls, in time there will be failures in the insurance industry that will lead to great difficulties, particularly dealing with the guaranteed funds that are in place, and I would like to spend a couple of minutes talking about that. But in any event, they are fearing that the states are unable to properly and adequately regulate insurance companies, and so the federal government is eyeing this area with great interest. So it is incumbent upon the Nebraska Legislature, and every other state's legislature,...

SPEAKER BAACK: One minute.