

February 7, 1991 LB 236

a holding company. We will also require that the fees which are charged by one affiliate of a holding company to another be reasonable rather than some kind of hidden money exchange or laundering between holding companies. If necessary, we will allow for injunctions and prohibitions against voting common stock holdings in the event that the Holding Company Act has not been complied with. In other words, we can enjoin the voting stock of various parts of holding companies in the event the holding company is not doing its business and meeting our obligation. With respect to reinsurance, we intend to get annual certification of the solvency of domiciliary regulators. We intend to reposition and to conform our laws to the model code which is now more sophisticated than the form that's on our books now. We indicate that a letter of credit, which is used for reinsurance as security for reinsurance, confirmed...be confirmed by a United States institution, a U.S. bank or institution with respect for the filing that it's used for. With respect to liquidation and rehabilitation, we expand our jurisdiction to cover people who are, at the time of the delinquency, proceeding against an insurance company who happen to hold assets to which the receiver claims an interest. It's possible that there's been a preferential transfer by the delinquent insurance company sending its assets to perhaps a holding company affiliate or somebody else. We want the insurance department to be able to reach into those preferentially transferred assets and to haul them back into our liquidation or rehabilitation process. We additionally want to be able to appoint a rehabilitator to report on accountings on a semiannual basis rather than an annual basis. We want the department to be able to appoint an advisory committee of policyholders, of claimants or creditors in the case of a rehabilitation. As you can see, it's a rather expansive bill with a lot of provisions. I will obtain a copy of the summary and put it on your desk. I would move for the advancement of LB 236.

SPEAKER BAACK: Is there any discussion on the advancement of LB 236? I don't see any. Senator Landis, do you wish to close? Senator Landis waives closing. We will now proceed to vote on the advancement of LB 236. All those in favor vote aye, all those opposed vote no. We're voting on the advancement of LB 236. Have you all voted? Have you all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 25 ayes, 0 nays on the motion to advance the