

able to, should be certified as a strong regulator of insurance companies and that that package of bills hopefully put our statutes in order for that certification. Today a related topic comes to the floor. This is an investment code for insurance companies. It is not a part of the NAIC package, the reason being there is no uniformity whatsoever in the state regulation of what insurance companies may invest in. There is no model act that's out there that each state has adopted with slight variations. States have undergone the same experience that Nebraska has. Old statutes that give usually a rather good deal of authority to insurance companies to invest have, over time, been amended piecemeal, bit by bit when new kinds of securities and investments are created, with new kinds of regulations and these old bills then take on somewhat like the hull of a boat with all those barnacles at the bottom and that's what we have with respect to investment practices in this state. It's tough to find where the rules are. They are spread out over the code in some cases. In other situations they have not been written well so that they are not clear. In other situations they are referenced as to kinds of securities which really no longer exist or fail to refer to securities that now do exist. Our investment code, like many other states, is really a patchwork quilt with much of it out of date and certainly not in contemporary language and certainly not a uniform package of policy, if you will. In order to move Nebraska into a contemporary, sensible body of policy, Director McCartney about 18 months ago, summoned together representatives of the insurance industry in this state, the domestic companies, if you will, for the most part, brought in their investment officers, brought in their CEOs and began to discuss how to make a unified body of policy. The reason that this is important is because if there are wild investment practices by insurance companies they can dissipate their assets. If they dissipate their assets, they can't ultimately pay off the policyholders and they'll go bankrupt. Insurance companies for the most part survive by taking the premiums, investing the premiums in securities, obtaining their margin of profit on the investment and that's the way they wind up making money. In the event they take wild and risky ventures, they may have high payoffs, but they also may have situations where they get no income or lose their investments and that can be bad for the solvency of a company. For the last 18 months an exhaustive task force has worked on this issue. There is no single piece of work that has been done out of our whole update of the code that has been as exhaustively done as this. The committee amendments are three