

February 21, 1991 LB 237

is to provide further guidance through the director to domestic insurance companies as to what we consider proper investments so that we don't have problems with insurance companies going belly up. And as I stated earlier, I don't believe it's a problem at the current time, but with the changing nature of investments why not provide further restrictions on what insurance companies can invest in and I view that as a...I view this bill as a very positive bill in that regard because of the further restrictions it places on insurance companies.

SPEAKER BAACY: Thank you, Senator Abboud. Senator Beutler.

SENATOR BEUTLER: Senator Landis.

SENATOR LANDIS: Do I get witness fees for being cross-examined like this?

SENATOR BEUTLER: You're being well paid as it is, Senator Landis. Another section of the bill that is of interest to me in light of some recent national events is the section that has to do with the valuation of investments, valuation of investments. I'm looking at Section 12 on page 11, Senator Landis, and I'm not sure that I'm giving it the proper context, but down on lines 12-15 it says, except as otherwise provided by law, which throws me to start with, but except as otherwise provided by law an investment shall be measured by actual cost at the time of acquisition, and then, if there is no actual cost at the time of acquisition, the investment shall be measured at fair value. And then it goes on to describe actual cost, and my question is this, real estate values, real estate investments, obviously the value of real estate can fluctuate wildly from time to time over a matter of just a few years and something, as farmers well know, something that is valued at one value on a particular day, three or four years later may have entirely different value and I'm wondering how that is dealt with in this law. From my brief skimming it seems that actual values, the value at acquisition is the value forever on these things in which case I would wonder if some refinement were not possible. But maybe that's not the case. In any event, could you comment on that for me.

SENATOR LANDIS: Yes. You are correct. For the purposes of this act you would value the real estate at time of acquisition unless that standard for some reason couldn't apply and there wasn't an acquisition cost and then you could use the market