

February 27, 1991 LB 236

PRESIDENT MOUL PRESIDING

PRESIDENT MOUL: Senator Will.

SENATOR WILL: Madam President, I move the adoption of the E & R amendments to LB 236.

PRESIDENT MOUL: You've heard the motion to adopt the E & R amendments. All those in favor please say aye. Opposed nay. The amendments are adopted.

CLERK: Madam President, Senator Landis would move to amend. Senator, I have your AM0375, that's printed on page 794. You have two amendments, Senator. This is 0375.

PRESIDENT MOUL: Senator Landis.

SENATOR LANDIS: Thank you, Madam President. Members of the Legislature, there are two amendments, and they're taken separately. And this is an amendment which is agreed to. The next one is not an agreed to amendment, but represents a stand-alone policy question for us to resolve. LB 236 has to do with our Holding Company Act, among others. And at one point we put into this act a requirement that one-third of the directors of an insurance company be outside directors. Outside directors means that they are not otherwise officers or employees of the company. And this was so that you couldn't have a whole lot of interlocking directorates of a holding company. We had not written it particularly clearly that this was the application. So one of the first things this does is to make it clear that we're talking about this one-third standard being applied to domestic insurers who are part of an insurance holding company system. So, for that one-third standard we make it clear that that's where it applies. The second thing that was done in this agreed to amendment is to take out reference to the requirements of these outside directors to serve on certain committees of the board, in particular committees for the evaluation of officers and their performance. At one point we indicated that there was to be a follow through of this concept of outside directors into the committee structure of the corporation, and that, too, is stricken by the language. Let me tell you that the Insurance Department has conferred with representatives of the domestic industry. They both agree that since this provision is an optional provision anyway, with respect to the model language,