

appreciate Senator Abboud's arguments and can see that there may be some complications for some entities. But you can't, I think, argue with the logic of what Senator Landis is proposing here, to have any entity without at least some outside director representation does hold the potential for some serious problems, and entered us in warfare and perhaps some lax oversight that we sure don't want to any type of situation as important as an insurance company who does provide, through our different laws, exposure to the taxpayers of this state should an insolvency occur. That's why there's a particular interest on the part of this Legislature and the State of Nebraska to see that each board of directors of any company domiciled in this state, insurance company that's domiciled in this state is doing their job and doing it well. If the board of directors should fail in their duties, if the management of a company, insurance company should fail in their duties, the ultimate price that is paid, if insolvency occurs, is through the taxpayers of this state, and taxpayers in other states through the guarantee funds that are established in our respective states. And so, ultimately, we have a vested interest in making sure that insurance companies, unlike other companies that may not have any tie-back into the tax structure, if they should fail that's a free market, we understand that. But when an insurance company fails that's more than the free market, that's free ride on the backs of the taxpayers of this state. I'm going to quote from the New York University Law Review, where one director told a professor, interviewed in this review, "If a company did not have a board of outside directors, it might be a little bit more freewheeling, a little bit more careless, and a little bit more lax than it would be otherwise." That doesn't necessarily mean, it says a little bit more, that doesn't mean we're saying that things are terrible here if we don't have some outside directors. But there is a margin of improvement of accountability, if you do have outside directors, having individuals that are independent, on a board, without directly being employed by a company, I think, does provide for some improved accountability. I, myself, serve as an outside director on an insurance company, and I think I can bring to that perspective that would not otherwise be the case, because I simply have no vested interest in that company, other than trying to make sure that they are successful and doing a good job. So I think that there is an important role outside directors can play. I think that outside directors are very important to any board, but particularly important to insurance companies as, again, if they should fail in their duties, the