

amendment does. First, I have a concern with one of these amendments where supervision depends upon the director of an agency not acting. If you do not act, you are presumed to approve, which is some concern because I am not sure how a director of insurance is going to know all the possible investments that a foreign or an alien company may make, how they would know when to act. It would seem to me that that burden ought to be on the insurance company for approval, rather than the burden on the director to seek out all possible investments. That one bothers me. What bothers me more, and I may be in error since this deals with what the admitted assets are, and I think back to your discussion on 235, the other day, on the rating, and as I recall, at least what I wrote down, part of your explanation where rating would be on the basis of individual companies and that, in effect, premiums that would be charged was a combination of the actuary exposure less the investment income, and then you had a premium that would be approved and charged by the insurance company. Obviously, the issue then becomes to me, you can sell yours, if you have more hazardous investments or speculative investments, you can assume a higher rate of return, and then in turn also have a lower premium rate even though, from the insurer's standpoint, their protection may be less sure. I guess to get really to my question, it would appear to me, as I understand this bill, it had a limit on junk bonds, 15 percent, I assume that is still there. I would assume that this is a very...could very easily be utilized by a foreign or an alien to invest in much more hazardous things, assuming their states approve it, have a lower premium rate, based on that presume, with the director really not...I don't know what kind of an additional people they'd have to have to know all the investments that somebody may be making from wherever they are, as to whether they were a sound investment for the protection of the individual who had bought a policy in that company. Those are my concerns. I have talked to you before about my concern about the hazardous investments. I think both of us have certainly come from a background of lack of adequate supervision on the part of the state in areas where people thought they were being protected, and it seems to me that the way this amendment is drafted and what it purports to do, at least the director is in a very vulnerable position of not being able to insure the eventual policyholder that the investments by the company from which they bought was sound. And another thing that comes to my mind is that I have observed, and this is from personal business, but, nevertheless, I have observed that agents are becoming much more concerned with the