

for foreign and alien companies. Foreign and alien companies are not bound by the other standards in the bill. They are governed by, and it is consistent with the law, their law of domiciliary where they are authorized and are domiciled as a company, that is their basic insurance law. So, how do we handle the situation where we have our companies that are domiciled under Nebraska law? We handle them under the green copy of the bill. How do we handle foreign companies?

PRESIDENT MOUL: Time.

SENATOR LANDIS: Foreign companies are handled by their own states, and the rest of these green pages don't apply to them, with this exception. We wanted to find a way that we could have a trip wire so that in the event that kind of information sharing that we do with other states, where we learn that there might be a problem, that, in fact, we could have a way of intervening into the process and responding to a foreign or alien corporation that represented some risk of insolvency, and the mechanism that was chosen in the green copy said, foreign and aliens holding certificates of authority to do business in this state shall be subject to the act except that investments authorized under the laws of its state or country of domicile may be recognized as authorized investments for the purpose of the act in the discretion of the director. Now when that green copy was originally written, it was presumed that the director was going to, basically, accept any investments that were legal in another state, and then the discretion would be used in the event there was a red flag going up and we wanted to bring a foreign company that was doing business in Nebraska in for some kind of discipline. We had a Lincoln company, Lincoln Benefit Life, I believe, Ted Kessner was the representative, who met with the Department of Insurance and said, look, can we make this a little clearer as to when you are going to exercise your discretion or, at least, how it is going to be exercised? So the department sits down with Kessner and they come up with this language that says a foreign or alien insurance insurer holding a certificate of authority to do business in this state shall be subject to the act. Investments authorized under the laws of its own state or country shall be recognized as authorized investments for the purposes of this act unless the director notifies such insurer that any such investment will not be recognized by him or her as an authorized investment for the purposes of this act. Now in the event Senator Warner wanted our Insurance Department to review the investment practices of