

PRESIDENT MOUL: Thank you, Senator Horgan. Senator Landis.

SENATOR LANDIS: Madam President, members of the Legislature, I'm going to be voting against this amendment, let me tell you why. Senator Horgan is correct that on Select File we did make a change from one-third to one-fifth for one provision in this bill. And I want to take you back through that discussion. The bill had always in it an obligation to have one-third outside directors, and that means, the phrase outside director means that you're not an officer or you're not an employee of the company. One-third outside directors for insurance companies that were part of a holding company; that provision came up, has been not actually amended on the floor, I discussed it briefly. There was an amendment by Senator Horgan at a different stage. I brought in a new amendment and I said, look, this is not part of the model act, this is my own idea, and I recall that. I said, the whole outside director idea is a good idea, it's a good idea whether you're part of a holding company or not, even if you're just a domestic stand alone company outside directors make sense. And I read a couple of Law Review articles to you, you might recall the fact that there was probably a greater examination of the financial integrity, there was less of a chance of employee personnel evaluations being done in an unprofessional manner, there were some virtues to having outside directors. Tom got up and said, well, how about a fifth, Dave? And I was working on extending this principle to an area that the bill didn't cover, I was just making a general extrapolation in principle, and I said, fine, and we went with one-fifth. But now we're going back into the question of holding companies and what's the proper amount of outside directorship in a holding company. And here our eyebrows should be raised. Why? Because holding companies have lots of pockets in which to put their money, and they can move them around from one company to another. If there is any time or place where we should have outside directors who are not officers, who might be those people who are running a scheme of transferring money, or employees whose job it is to make sure that the officers are happy dominate the board, it's here in holding companies. Now I could be wrong, and I think Tom would be free to contradict me. But the whole genesis of the one-fifth language comes from a single insurance company in Omaha, Central States, which is largely family owned, but is also part of a holding company. And they have objected in various degrees of vociferousness at different stages along the way, because, basically, they have family members on the board and they want to keep it that way