

doing business in this state. The bill deals with the amount of guarantee that we're going to exact from an alien insurance company to do business in this state. We set some standards. Heretofore we have not had those standards and this amendment allows it...allows Lloyd's type operators, which are syndicate operations, to also qualify as appropriate alien surplus lines writer in this state by maintaining a \$50 million trust fund for the protection of policyholders in the United States. This will take its place then with the rest of the bill which responds to other types of surplus lines companies which will have guarantee obligations in this country. The second amendment that's in this amendment is an amendment to the Medicare Supplement Insurance Minimum Standards Act. This is basically in furtherance of federal mandates that Nebraska must honor. We, inadvertently, deleted some language in the bill which should, in fact, occur, and that is the phrase "by reason of age" language. In the event we do not replace those four words, "by reason of age", if we do not reinstate that, all health insurance policies sold to persons eligible for Medicare would require notice that the coverage provided is not Medicare supplement coverage and that is unnecessary. As insurers do not have a way of identifying everyone who is eligible for Medicare, it would mean that you would have this costly notice requirement for everybody when it really should simply affect some people and the reinstatement of those words will allow insurers to tailor their notices to appropriate people. The third and last amendment, which is in this set of committee amendments, is in the reinsurance area. Reinsurance is where an insurance company who has written risks analyzes the portfolio of risks that they have and says to themselves, gosh, you know, we have written all of these risks in one area, let's say, if we have a loss in that one area, we stand a chance of having everything go down. Because we haven't diversified our risk, if we suffer an injury in this one geographical area, let's say, we really wouldn't have the resources to underwrite our losses. Therefore, we, ourselves, should go off and buy some insurance to cover the kinds of risks that we have. That's reinsurance. Well, reinsurance companies sometimes...actually underwriters themselves sometimes create reinsurance patterns that, for one reason or another, allow for circular transactions between the underwriting company, the first insurance company, and the reinsurer. These circular transactions are for the purpose of distorting a company's financial statements. It makes the state...it makes the company look healthier than what it really is. And what this amendment to the...to the bill does is to