

May 3, 1995

LB 616

CLERK: LB 616, by Senator Landis. (Read title.) The bill was introduced on January 18, referred to the Banking Committee, advanced to General File. There are committee amendments pending, Mr. President.

SPEAKER WITHEM: Senator Landis, on the committee amendments.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature, there are two committee amendments. The first corrects an internal erroneous reference made in the bill to a section of law and that was picked up by bill drafters. The second one is the power of a liquidator, and that would be the Department of Insurance, in the case of an insolvent insurance company being able to seek court approval to sell the shell of a company. When we serve as a liquidator our goal is to get as much money as possible from the assets of the company so that we can pay off the debts of the company and we can also make sure that we get as much money into the hands of policyholders as possible. One of the assets might be the shell of the company itself and this would give the liquidator that power to sell that shell, increase the asset or corpus of the liquidation and reduce the amount that we had to go to the guarantee fund to pay for an insolvent company's losses. Those are the two committee amendments. I'll explain the reinsurance portions of the bill once the committee amendments are adopted.

SPEAKER WITHEM: Any discussion on the committee amendments? Seeing none, is there a closing, Senator Landis? Closing is waived. The question now then is the adoption of the committee amendments. All in favor vote aye, opposed vote nay. Record, Mr. Clerk.

CLERK: 25 ayes, 0 nays, Mr. President, on the adoption of the committee amendments.

SPEAKER WITHEM: The committee amendments are adopted. Senator Landis, to open on your bill.

SENATOR LANDIS: Thank you, Mr. Speaker. LB 616 comes to us from the Department of Insurance. In 1989, we passed a provision on how we were going to handle setoffs between reinsurance companies and insurance companies. A reinsurance company regularly pays to an insurance company on claims, that is to say when in their contract the reinsurance company's liability is activated they pay an insurance company to help