

February 28, 1996 LB 689

shall be subject to the requirements of 44-2134. Then in subsection (5) of that section it says, subject to the requirements of Section 44-2134, each registered insurer shall give notice to the director of all dividends and other distributions to shareholders within five business days, the existing rule is fifteen, within five business days following the declaration thereof and shall not pay any such dividends or other distributions to shareholders within ten business days following receipt. So, what you have is you have a five-day notice of your intent, and then a ten-day period for the department to act should they wish to intervene and suggest that the distribution is inappropriate.

SENATOR BEUTLER: But how does this liberalize or make more strict the current rule with regard to that?

SENATOR LANDIS: This actually will...the underlying bill makes it...I guess the right word would be more liberal than what our existing rule is, but it returns us to the rule that we had about four years ago, or three years ago, and then back in perpetuity. We changed our rule for extraordinary dividends about three years ago to reduce the opportunity to give extraordinary dividends. We changed the historical rule pursuant to NAIC, what we thought were standards. Those standards have been reevaluated, so our need to tighten up to meet NAIC standards went away, and then we've gone back to what is the historical rule. And so you really have a tough time identifying it as the liberalization or making it more conservative. I guess the pattern would be this, we had a rule for years, about three years ago we tightened the rule, thinking that that was required by the NAIC accreditation. That is not a requirement of the NAIC accreditation, so this returns us to our historical norm.

SENATOR BEUTLER: Okay, thank you. Thank you, Senator.

SENATOR COORDSEN: Okay, thank you, Senator Beutler. There are no further lights on. Senator Landis, did you wish to close? The closing is waived. The issue before the body is the adoption of the Landis amendment to LB 689. Those in favor please vote aye, those opposed nay. Record, Mr. Clerk.

CLERK: 28 ayes, 0 nays, Mr. President, on the adoption of Senator Landis' amendment.