

LEGISLATIVE BILL 437

Approved by the Governor April 13, 1975

Introduced by Dworak, 22

AN ACT to amend section 44-202, Reissue Revised Statutes of Nebraska, 1943, relating to insurance companies; to provide that insurance companies be authorized to act as trustees or fiduciaries of trusts or plans qualified under the provisions of the Internal Revenue Code of 1954 as amended; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 44-202, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-202. (1) Companies may be formed upon the stock or mutual plan to transact any kind of insurance authorized by section 44-201, or upon the assessment plan to transact the kinds of insurance described in subdivisions (1), (3), and (6) thereof, or upon the fraternal plan to transact the kind of insurance described in subdivision (2) thereof. An assessment association may, in addition to the kinds of insurance described in subdivisions (1), (3), and (6) of section 44-201, be authorized to transact any kinds of insurance which a mutual company may transact when such association has accumulated and thereafter at all times maintains the same reserves, surplus, and contingency funds required to be maintained by a mutual company organized to transact the same kinds of insurance.

(2) A domestic company, including a nonprofit hospital service corporation, may, notwithstanding limitations otherwise applicable, and provided it maintains books and records which account for such business, engage directly in any of the following businesses: (a) Rendering investment advice; (b) rendering services related to the functions involved in the operation of its insurance business including, but not limited to, actuarial, loss prevention, marketing and sales, safety engineering, data processing, accounting, claims, appraisal and collection services; (c) acting as trustee or fiduciary in the administration of pension, profit-sharing, and other benefit plans for employees, and self-employed persons and individual retirement accounts or annuities, if, in the judgment of the company, such plans constitute qualified plans under the

provisions of the Internal Revenue Code of 1954 as amended: (d) acting as administrative agent for a government instrumentality which is performing an insurance function for a health or welfare program; and (d) (e) any other business activity reasonably complementary or supplementary to its insurance business, either to the extent necessarily or properly incidental to the insurance business the company, including a nonprofit hospital service corporation, is authorized to do in this state or to the extent approved by the Director of Insurance and subject to any limitations he may prescribe for the protection of the interests of the policyholders of the company taking into account the effect of such business on the company's existing insurance business and its surplus, the proposed allocation of the estimated cost of such business, and the risks inherent in such business as well as the relative advantages to the company and its policyholders of conducting such business directly instead of through a subsidiary.

Sec. 2. That original section 44-202, Reissue Revised Statutes of Nebraska, 1943, is repealed.