

LEGISLATIVE BILL 464

Approved by the Governor April 20, 1978

Introduced by Banking, Commerce and Insurance Committee,  
DeCamp, 40, Chmn.; Schmit, 23; Merz, 1;  
Swigart, 8; Murphy, 17

AN ACT relating to insurance; to permit insurance companies to accept reinsurance for kinds of insurance they are not authorized to transact directly; to establish applicable conditions and limitations; and to provide duties.

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

Section 1. (1) In addition to any other reinsurance authority granted by Chapter 44, Reissue Revised Statutes of Nebraska, 1943, and amendments thereto, any domestic insurance company authorized to transact business in this state pursuant to Chapter 44, article 2, Reissue Revised Statutes of Nebraska, 1943, and amendments thereto, may accept reinsurance for any insurance transacted by any affiliate or affiliates of such company which such company is not authorized to transact directly. The term affiliate shall have the same meaning as that stated for such term in section 44-2101, Reissue Revised Statutes of Nebraska, 1943.

(2) Before an insurance company may transact a business of accepting reinsurance, pursuant to this section, it shall obtain the approval of the Department of Insurance. No such approval shall be granted or continued in effect unless the company has and maintains a minimum surplus, in cash or invested as provided by law, of at least two million dollars and has and maintains admitted assets of at least ten million dollars. No such approval shall be granted or continued in effect if the Director of Insurance finds that such approval would not be in the best interests of the policyholders, shareholders, or public because of the competence, experience, or integrity of the management personnel of such business, the terms of reinsurance accepted in connection with such business, or the effect of the operation of such business on the other operations of the company.

(3) No insurance company shall accept reinsurance pursuant to the authority granted by this section on any one risk in an amount exceeding five per cent of its surplus to policyholders as reflected by the last annual statement of the company. The term any one risk and the

term surplus to policyholders shall have the same meaning as that stated for such terms in section 44-222, Reissue Revised Statutes of Nebraska, 1943.

(4) Nothing in this section shall be construed to require any insurance company otherwise authorized by law to transact the business of reinsurance to exercise the authority granted by this section.

(5) The Department of Insurance shall adopt and promulgate such reasonable rules and regulations as may be necessary or appropriate to carry out the provisions of this section in accordance with the provisions of Chapter 84, article 9, Reissue Revised Statutes of Nebraska, 1943, and amendments thereto. Such rules and regulations may include rules and regulations pertaining to the form of application for transaction of business authorized by this section, the plan of operation of such business, the qualifications of personnel engaged in such business, and the accounting and reporting procedures applicable to such business.