

LEGISLATURE OF NEBRASKA  
ONE HUNDREDTH LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 191**

FINAL READING

Introduced by Mines, 18; Johnson, 37; Pahls, 31; White, 8

Read first time January 9, 2007

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to corporations; to amend sections 21-2095  
2 and 44-211, Reissue Revised Statutes of Nebraska; to  
3 change provisions relating to directors; to harmonize  
4 provisions; to repeal the original sections; and to  
5 declare an emergency.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 21-2095, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           21-2095 (1) A director shall discharge his or her duties  
4 as a director, including his or her duties as a member of a  
5 committee:

6           (a) In good faith;

7           (b) With the care an ordinarily prudent person in a like  
8 position would exercise under similar circumstances; and

9           (c) In a manner he or she reasonably believes to be in  
10 the best interests of the corporation.

11           A director may, but need not, in considering the best  
12 interests of the corporation, consider, among other things, the  
13 effects of any action on employees, suppliers, creditors, and  
14 customers of the corporation and communities in which offices or  
15 other facilities of the corporation are located.

16           (2) In discharging his or her duties, a director  
17 shall be entitled to rely on information, opinions, reports,  
18 or statements, including financial statements and other financial  
19 data, if prepared or presented by:

20           (a) One or more officers or employees of the corporation  
21 whom the director reasonably believes to be reliable and competent  
22 in the matters presented;

23           (b) Legal counsel, public accountants, or other persons  
24 as to matters the director reasonably believes are within the  
25 person's professional or expert competence; or

1           (c) A committee of the board of directors of which he  
2 or she is not a member if the director reasonably believes the  
3 committee merits confidence.

4           (3) A director shall not be considered to be acting in  
5 good faith if he or she has knowledge concerning the matter in  
6 question that makes reliance otherwise permitted by subsection (2)  
7 of this section unwarranted.

8           (4) A director shall not be liable for any action taken  
9 as a director, or any failure to take any action, if he or she  
10 performed the duties of his or her office in compliance with this  
11 section.

12           Sec. 2. Section 44-211, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14           44-211 The business and affairs of an insurance  
15 corporation shall be managed by the incorporators until the first  
16 meeting of shareholders or members and then and thereafter by a  
17 board of directors elected by the shareholders or members and as  
18 otherwise provided by law. The board of directors shall consist of  
19 not less than five persons, and one of them shall be a resident  
20 of the State of Nebraska. ~~Commencing January 1, 1993, not less~~  
21 ~~than~~ At least one-fifth of the directors of an insurance company,  
22 which is not subject to section 44-2135, shall be persons who are  
23 not officers or employees of such company. A person convicted of a  
24 felony may not be a director, and all directors shall be of good  
25 moral character and known professional, administrative, or business

1 ability, such business ability to include a practical knowledge of  
2 insurance, finance, or investment. No person shall hold the office  
3 of director unless he or she is a policyholder, if the company is a  
4 mutual company or assessment association. Unless otherwise provided  
5 in the articles of incorporation, the board of directors shall  
6 make all bylaws. A director shall discharge his or her duties as a  
7 director in accordance with section 21-2095.

8           Sec. 3. Original sections 21-2095 and 44-211, Reissue  
9 Revised Statutes of Nebraska, are repealed.

10           Sec. 4. Since an emergency exists, this act takes effect  
11 when passed and approved according to law.