

LEGISLATURE OF NEBRASKA

ONE HUNDREDTH LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 191

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 change
3 provisions relating to directors; to harmonize provisions;
4 to repeal the original sections; and to declare an
5 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 as
4 a director, including his or her duties as a member of a committee:

5 (a) In good faith;

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

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

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

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

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

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

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

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

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

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

10 44-211. The business and affairs of an insurance corporation
11 shall be managed by the incorporators until the first meeting of
12 shareholders or members and then and thereafter by a board of
13 directors elected by the shareholders or members and as otherwise
14 provided by law. The board of directors shall consist of not less than
15 five persons, and one of them shall be a resident of the State of
16 Nebraska. ~~Commencing January 1, 1993, not less than~~ At least
17 one-fifth of the directors of an insurance company, which is not
18 subject to section 44-2135, shall be persons who are not officers
19 or employees of such company. A person convicted of a felony may not
20 be a director, and all directors shall be of good moral character and
21 known professional, administrative, or business ability, such business
22 ability to include a practical knowledge of insurance, finance, or
23 investment. No person shall hold the office of director unless he or
24 she is a policyholder, if the company is a mutual company or
25 assessment association. Unless otherwise provided in the articles of
26 incorporation, the board of directors shall make all bylaws. A
27 director shall discharge his or her duties as a director in accordance

1 with section 21-2095.

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

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