

ONE HUNDRED FIFTH LEGISLATURE - SECOND SESSION - 2018
COMMITTEE STATEMENT
LB815

Hearing Date: Tuesday January 16, 2018
Committee On: Banking, Commerce and Insurance
Introducer: Schumacher
One Liner: Provide regulatory authority regarding reinsurance

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 8 Senators Baker, Brewer, Harr, Kolterman, Lindstrom, McCollister, Schumacher, Williams
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:

Senator Paul Schumacher
Director Bruce Ramage
Galen Ullstrom

Representing:

Introducer
NE Dept. of Insurance
Mutual of Omaha

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB815 is a bill introduced on behalf of the Nebraska Department of Insurance to amend Nebraska law related to credit for reinsurance. The legislation would update the credit for reinsurance law to provide authority to the Director of Insurance to adopt and promulgate rules and regulations on the valuation of assets, the amount and form of security supporting reinsurance arrangements, and circumstances in which a credit for reinsurance would be reduced or limited when the insurer utilizes a special purpose financial captive for reinsurance agreements involving term and universal life policies. LB815 adopts the latest changes to the National Association of Insurance Commissioners credit for reinsurance model law. The bill would provide, section by section, as follows:

Section 1 amends section 44-416.06 to provide that a credit for reinsurance will be allowed only when the reinsurer meets the specific requirements of the statute and any additional requirements contained in rules and regulations adopted and promulgated by the director pursuant to subsection (2) of 44-416.09 are met.

Section 2 amends section 44-416.07 to provide that an asset or reduction from liability for reinsurance ceded by a domestic insurer to an assuming insurer not meeting the requirements of 44-416.06 shall be allowed in an amount not exceeding liabilities carried by the ceding insurer subject to any additional requirements contained in rules and regulations adopted and promulgated by the director pursuant to subsection (2) of section 44-416.09.

Section 3 amends section 44-416.09 to provide authority to the director in subsection (2) to adopt and promulgate rules and regulations applicable to reinsurance arrangements relating to certain insurance products specified in the

subsection. The new subsection allows the director to issue a rule and regulation that limits the ceding insurer's ability to calculate the amounts of security required to be held to the method provided in the valuation manual adopted pursuant to section 44-8908. The rule and regulation would not apply to certified reinsurers or insurers that maintain at least \$250,000,000 in capital and surplus and are licensed in at least twenty-six other states.

Section 4 is the amendatory repealer.

Brett Lindstrom, Chairperson