

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 536

Introduced by Slama, 1.

Read first time January 17, 2023

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to insurance; to amend section 44-5140,
2 Reissue Revised Statute of Nebraska, and section 44-5141, Revised
3 Statutes Cumulative Supplement, 2022; to change provisions relating
4 to investment by insurers in preferred and common stock; and to
5 repeal the original sections.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-5140, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 44-5140 (1) An insurer may invest in the preferred stock of any
4 corporation which:

5 ~~(a) Has retained earnings of not less than one million dollars;~~

6 (a) ~~(b)~~ Has earned and paid regular dividends at the regular
7 prescribed rate each year upon its preferred stock, if any is or has been
8 outstanding, for not less than five years immediately preceding the
9 purchase of such preferred stock or during such part of such five-year
10 period as it has had preferred stock outstanding; and

11 (b) ~~(c)~~ Has had no material defaults in principal payments of or
12 interest on any obligations of such corporation and its subsidiaries
13 having a priority equal to or higher than those purchased during the
14 period of five years immediately preceding the date of acquisition or, if
15 outstanding for less than five years, at any time since such obligations
16 were issued.

17 The earnings of and the regular dividends paid by all predecessor,
18 merged, consolidated, or purchased corporations may be included through
19 the use of consolidated or pro forma statements.

20 (2) Except as authorized under the Insurance Holding Company System
21 Act, an insurer shall not own more than five percent of the total issued
22 shares of stock of any corporation other than an insurer.

23 (3) A life insurer's investments authorized under this section shall
24 not exceed the greater of twenty-five percent of its admitted assets or
25 one hundred percent of its policyholders surplus, nor shall a life
26 insurer's investments authorized under this section that are not rated
27 P-1 or P-2 by the Securities Valuation Office exceed ten percent of its
28 admitted assets.

29 Sec. 2. Section 44-5141, Revised Statutes Cumulative Supplement,
30 2022, is amended to read:

31 44-5141 (1) An insurer may invest in the common stock or rights to

1 purchase or sell common stock of any corporation ~~which has retained~~
2 ~~earnings of not less than one million dollars, except that an investment~~
3 ~~may be made in any corporation having a majority of its operations in~~
4 ~~this state which has retained earnings of not less than two hundred fifty~~
5 ~~thousand dollars. The earnings of all predecessor, merged, consolidated,~~
6 ~~or purchased corporations shall be included through the use of~~
7 ~~consolidated or pro forma statements.~~

8 (2)(a) An insurer may invest in equity interests or rights to
9 purchase or sell equity interests in business entities other than general
10 partnerships unless the general partnership is wholly owned by the
11 insurer.

12 (b) A life insurer shall not invest under this subsection in any
13 investment which the life insurer may invest in under section 44-5140 or
14 44-5144 or subsection (1) of this section.

15 (3) A life insurer's investments authorized under this section shall
16 not exceed the greater of one hundred percent of its policyholders
17 surplus or twenty percent of its admitted assets.

18 Sec. 3. Original section 44-5140, Reissue Revised Statutes of
19 Nebraska, and section 44-5141, Revised Statutes Cumulative Supplement,
20 2022, are repealed.