

LEGISLATIVE BILL 771

Approved by the Governor January 31, 1972

Introduced by Richard F. Proud, 12th District; E. Thome Johnson, 15th District

AN ACT relating to insurance; to provide for separate accounts and the allocation thereto of amounts for life insurance payable in fixed or variable amounts; and to provide for adoption of rules and regulations for variable contracts as prescribed.

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

Section 1. Any domestic life insurance company, including, for the purposes of this act, all domestic fraternal beneficiary associations, societies or companies which operate on a legal reserve basis, may, after adoption of a resolution by its board of directors and certification thereof to the Director of Insurance, establish one or more separate accounts, and may allocate thereto amounts, including without limitation proceeds applied under optional modes of settlement or under dividend options, to provide for life insurance and benefits incidental thereto, payable in fixed or variable amounts or both.

Sec. 2. The income, gains and losses, realized or unrealized, from assets allocated to a separate account shall be credited to or charged against such account, without regard to other income, gains or losses of such company.

Sec. 3. Except as may be provided with respect to reserves for guaranteed benefits, amounts allocated to any separate account and accumulations thereon may be invested and reinvested without regard to any requirements or limitations prescribed by the laws of this state governing the investments of life insurance companies and the investments in such separate account or accounts shall not be taken into account in applying investment limitations otherwise applicable to investments of such company.

Sec. 4. Amounts allocated to a separate account in the exercise of the power granted by this act shall be owned by the company, and the company shall not be, nor hold itself out to be, a trustee with respect to such amounts. If and to the extent so provided under the applicable contracts, that portion of the assets of any

such separate account equal to the reserves and other contract liabilities with respect to such account shall not be chargeable with liabilities arising out of any other business the company may conduct.

Sec. 5. Notwithstanding any other provision of law, the Director of Insurance shall have the authority to adopt such reasonable rules and regulations as are appropriate and necessary to regulate the issuance and sale of variable life contracts. Such rules and regulations may relate to, but shall not be limited to, qualifications of foreign and domestic insurance companies and agents, required and prohibited policy provisions, the inapplicability of certain sections of Chapter 44, Reissue Revised Statutes of Nebraska, 1943, to variable life contracts, establishment and maintenance of separate accounts, filing of contracts and required reports, and examination of records. Any provision in a variable life contract relating to grace period, loans, reinstatement, and nonforfeiture shall be appropriate to such contract, and reserve liability for variable life contracts shall be established in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.