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SENATOR DWORAK: Well it seems to me that if we have passed laws and we have empowered the Insurance Commissioner with the authority to pass rules and regulations which is primarily concerned with guaranteeing the public that benefits are going to be there why not, in this situation, plug it into those criteria that are now set up to protect the public. Rather than grabbing \$500,000 of reserves out of the air, create some kind of an actuarial assumption as to whether \$500,000 is adequate or not, have them comply with our existing framework of insurance laws.

SENATOR CAVANAUGH: Senator Dworak, that's one of the, I suppose, fundamental philosophical things that we're doing with this piece of legislation. We're attempting to address a particular peculiar and grave situation whereby we do not have an adequate availability of malpractice insurance, we do not have adequate competition within the state and for those providers of malpractice insurance, currently, there is an excessive premium being commanded. That's related, in some cases, to the experience or the actuarial reality and to some extent, I believe, to a lack of competition within the state.

What we're trying to do is provide an alternative to the current availability of insurance. We're attempting to do it in a manner that will result in lower premiums and therefore lower health care costs and provide some relief for the physicians and health care providers. In order to do that it has been determined that we cannot impose upon it.... It's almost impossible for anyone to create a new insurance company, as I understand it, under the requirements of current law. You have to have an extreme amount of capitalization in order to avoid that stringency and, therefore, to provide some opportunity for compensation, we have written these separate criteria which are less then required of other companies in order simply to provide the opportunity to form a company and to provide an opportunity to form a company at a lower premium.

I believe that there is sufficient protection here to meet the claims that will be assessed against, or the losses that these companies would most likely experience. I can't guarantee that, that's a judgement factor on my part. The Insurance Commissioner has told us, told the Committee, that that is totally and exclusively a matter of judgement. Very often in very many cases, I believe, that the current requirements of insurance often require over ... an over-supply of reserves which, unnecessarily, increase the cost of insurance.

So we're trying to address all of that in this. That's the philosophy behind it.

SENATOR DWORAK: I think premiums are excessive. I think the premiums are probably well founded, based on national experience. But if we restrict the experience to the State of Nebraska, and as I understand it ... I don't know how many hospitals but 1800 physicians at \$2,000 apiece would create a reserve of \$3.6 million within the State of Nebraska, which I don't think is an excessive contribution, I think it's a pretty good spread as far as reserves are concerned. As I understand it, under here we're holding reserving requirements to \$500,000. If