

CLERK: Mr. President, 593, offered by Senator Barrett. (Read title.) It was first read on January 22 of this year, referred to the Banking Committee for hearing, advanced to General File. There are committee amendments pending by the Banking Committee.

PRESIDENT: Chairman DeCamp.

SENATOR DECAMP: Mr. President, I'm going to try a little different procedure, if everybody doesn't disagree. The bill is kind of an important bill, and a little bit complex because it deals in the area of insurance. What I thought, because until you understand the bill the amendments don't make a hell of a lot of sense, we'd just go directly and have Senator Barrett explain the bill, and then what the committee amendments, how they mesh in with it. So, if that is okay, I'd like Senator Barrett to do that.

PRESIDENT: If that is your wish, Senator Barrett, go ahead.

SENATOR BARRETT: Thank you, Mr. President, members. LB 593 is a bill which was brought to me by Mr. Mike Dugan and the Department of Insurance who had a big hand in writing the bill. Its intent is to modify the Nebraska Life and Health Insurance Guaranty Act which was passed in 1975. Basically the bill does about four things. The Guaranty Fund is a fund which has been set aside, through assessments of all life and health companies, to be used as an emergency fund for insurance companies, life and health companies, to backup their contractual agreements should there be an insolvency within the life and health industry. So the primary thrust of the bill is to make sure that coverage of the association, the guarantee, be limited to Nebraska residents as opposed to the present concept which is global, all over. A Nebraska insured, living in California or in New York would be entitled to the proceeds under the present. This will limit it to Nebraska residents. Secondly, the coverage limits be enacted limiting the liability of the association, at the present time the only limit is on life insurance, and that is \$300,000. The bill proposes a \$100,000 cap on life cash values, \$100,000 on annuity values, \$300,000 on life insurers death benefits, and an overall all lines limitation of \$300,000. Third, the institutions covered by the act are more specifically defined. We've eliminated the Blue Cross-Blue Shield organization, health maintenance organizations. They were