

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

February 29, 2000 LB 930

rules, but this is the mirroring of that in state law so that we can help a person enforce their mastectomy benefits, should we need to. Third, this repeals the NAIC valuation and securities reference because we helped fund that security, that NAIC committee on valuation securities, and since we no longer need that, since the Securities Valuation Office no longer depends on these funding sources, we repeal the mechanism to fund this committee and it's stricken from the bill, again, out-of-date. The fourth and final provision that's in the bill is the ability to aggregate frauds that are conducted by a single perpetrator into a felony level fraud. Now let me tell you where we found this to occur. It's basically white collar crime, and it comes from skimming in small pieces for a wide number of files or claims or actions. One of the ones we have records of are businesses who tell their employees that they have health insurance, where they deduct money from the individual's biweekly salary, let's say at \$25 a pop, and then rather than buying health insurance they simply pocket the money. So the unscrupulous perpetrator here is the employer who claims to have health insurance but in fact pockets the premium. Well, the individual cases in which that malefactor is pocketing the individuals' money is at \$25 a crack. On the other hand, it may be a year before the employee ever goes to the doctor and discovers they don't have health insurance, that the money that's been taken out of their salary has never gone for this benefit. So there might be 30, 40, 50 of these \$25 deductions, which are each and individually a fraud and is a misdemeanor, but which would easily constitute \$1,500, \$2,000, \$5,000, \$10,000 worth of fraud as a course of conduct. This permits the Insurance Department Fraud Unit to treat those as aggregate fraudulent losses and thereby trip the felony statutes which have, not only better statutory limitations, but also more significant penalties to attract criminal prosecution of these miscreants. Those are the four ideas in the bill. And when we come time for the committee amendments, I'll explain what we drop from the committee bill and move to another section. Thank you, Mr. Speaker.

SENATOR CUDABACK: Thank you, Senator Landis. (Visitors introduced.) Senator Landis, to open on the committee amendments as Chairman of the Banking and Insurance Committee.