

March 21, 1979

LB 52, 414

CLERK: 26 ayes, 0 nays, Mr. President, on the motion to advance.

SPEAKER MARVEL: Senator DeCamp, are you ready to take up LB 52?

SENATOR DeCAMP: Sure. (Mike not working properly.) ... LB 52 as introduced. The primary purpose of this bill is to provide for the orderly development of legal expense insurance, sometimes called prepaid legal.

SPEAKER MARVEL: Read the title.

CLERK: Excuse me, Senator. (Read title to LB 52.) The bill was read on January 4. It was referred to the Banking, Commerce and Insurance Committee. It was advanced to General File. There are committee amendments by Senator DeCamp's Banking Committee.

SENATOR DeCAMP: Move the adoption of the committee amendments. Then I will read all about it. Okay, the primary purpose of this bill is to provide for the orderly development of legal expense insurance, sometimes called prepaid legal as a line of insurance in Nebraska. This insurance basically allows for a client to pay in advance for legal services which may be needed in the future. The insurance company makes either reimbursement payments to the insured or direct payments to the attorney providing services according to schedule of benefits under the insurance contract. It is similar to health insurance in that it allows citizens to plan for their needs by making small periodic premium payments. The bill would do several things. First, early sections would provide needed clarification on what legal expense insurance is and what it is not, Sections 2 and 3. For example, retainer contracts would be defined out of regulation as would referral service consultations. Authority for group plans also would be clarified in these early sections, Sections 4 and 5. Second, the bill would provide for financial requirements more appropriate to this kind of insurance, Section 8. An insurance company selling only legal expense insurance would have to meet a surplus requirement before it could operate but the amount would be taken into account provider contracts for services, number of subscriptions and support from financially sound organizations. Third, the bill would allow for the formulation and regulation of legal service insurance corporation, Sections 12 through 21. These could be profit or nonprofit and would sell legal expense insurance only. Specific requirements are set forth for obtaining Insurance Department approval, thus assuring