

March 11, 1980

LB 877

it was letters that we received, and I was proud to be on the committee. I think Senator DeCamp did a fine job and so did Senator Landis, and I would urge and support that you vote to advance LB 877.

SPEAKER MARVEL: Senator Dworak.

SENATOR DWORAK: Mr. President and colleagues, I support this bill, and I also commend the efforts of Senator Decamp and the people that served on this committee in fettering out the tragic abuses by just a few people in a great industry. It is unfortunate that the bill even needs to come before us. It is an unfortunate situation that a whole industry is certainly damaged, is certainly embarrassed over the actions of just a few members of that industry. I do have one question of Senator DeCamp concerning one section of the bill and that is the portion that mandates at least 60 percent of the premium must be paid out in benefits. Senator DeCamp, I...the question is, is that each year or is there some way they can accumulate over that...over a period of time on that 60 percent pay-out whereby a company in one year's experience may have a 120 percent loss ratio, then do they have the opportunity in subsequent years to make up for that 120 percent loss ratio? Is that a yearly cut-off? That would be the first question.

SENATOR DeCAMP: You are supposed to ask me if I yield to the question so I can have time to figure out an answer.

SENATOR DWORAK: Do you yield to that question? It is my time. What are you yielding?

SENATOR DeCAMP: Well, because I need time to think here. Okay, what we are doing is simply giving the Department of Insurance the power, the Director of the Department of Insurance the power. We are empowering him the authority to set loss ratios, and before this was done, before this was put into the legislation, we checked with insurance companies in the state. We checked with the Department of Insurance to find out whether it was workable. We checked with other states, and we determined that one of the most effective ways of ever getting some solution to this problem is to design a system in which a guaranteed amount would go back to the people that were paying the money, the clients. Sixty percent is far below...far, far below what...I am going to use the word, any "reputable" insurance company operating in this state is putting back to the clients now. I am going to pass around copies of

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