

did exceed the \$100,000 in the Grand Island tornado. We should address the issue.

SENATOR NICHOL PRESIDING

SENATOR NICHOL: Senator Higgins.

SENATOR HIGGINS: Mr. President, would Senator DeCamp yield to a question or two?

SENATOR DeCAMP: Okay.

SENATOR HIGGINS: Senator DeCamp, the cause for the insurance company that went bankrupt was that they did not have enough reserves in order to pay off all of the claims.

SENATOR DeCAMP: That was one of the factors.

SENATOR HIGGINS: Does this bill address and correct that so that in the future companies will be required to have enough money in reserve to pay their claims?

SENATOR DeCAMP: Senator Higgins, that certainly is a good question and there are about three separate parts for the answer. Number one, that experience has made the closest scrutiny and examination occur of all insurance companies who would be involved that you can believe. It is like getting caught in the wrong place at the wrong time and everybody knows it. There is some embarrassment and they are really scrutinizing closely. As a result of that scrutiny, they have found that our insurance companies as a whole in this state are in stronger positions with reserves by far than most other states. This was...a lot of people can cast blame and so on and so forth, it was a problem. The second thing, was highlighted in this particular case. When you have almost your whole coverage in one area rather than spread out, some incident like the Grand Island tornado can be devastating and it is a lesson to insurance companies, big or small, to spread themselves out so that one disaster does not wipe them out. Finally, as I say, it has made us look at the whole reserve system and we do have some bills and proposals that will be coming up later. Senator Warner has got a bill that the Banking Committee has put out here that addresses investment of reserves and gives even closer scrutiny.

SENATOR HIGGINS: So, in this particular bill we are not putting any amendments on requiring that companies such as the one we are discussing, and which I understand, came under a grandfather clause so that the Insurance Department themselves were not really to blame for it, this company came