

art for specialized insurance that you can't get in the normal course of business, specialized coverage for risks that don't fall in those 19 lines that I previously identified for you. Surplus lines are special risks such as, say, pollution control that very few people have and there are very few people who offer it, and they don't...the companies don't go into each and every state, but this allows for surplus lines and consultant license fees to be established by the director, not to exceed the dollar amount stated in the statute, rather than simply to be the amount so stated. What does that mean? That means that in the bill we put in a fee amount. For all the other agents we generally said, well, it is that amount or less, depending on what the director sets, so that we can get the cost recovery. We forgot to make that same statement for these people, the surplus lines and consultant license fees. So we are catching that little error. Those are all in these amendments. There is one other amendment here that I suppose I want to tell you about because it came out of the questioning in the committee hearing. Currently, an insurance company has a capitalization and surplus requirement and the bill generally raises those from a half a million and a million to a million and two million. Most of the companies that are doing business in the state meet that standard. There are a few companies in the state that don't meet that standard but they are solvent, and because their book of business is small enough and their capitalization needs really are sufficient even though they are under these minimum rates. Our general rule has been for these kinds of companies, once they get up to the statutory rate, they cannot use their old grandfather clause exemption to drop back down below the rates. That has been the practice. We have turned that practice into law in this amendment and it says, if you are operating under the grandfather clause and you build your company past the point of these new statutory guidelines for capitalization and surplus and you get a million and two million into one of these forms, you may not go back down below that amount and go back to your grandfathered status. If you grow out of your grandfathered status, you stay...you lose your grandfather status and must keep those capitalization and surplus rates, so you can't bob up and down for these rates. If you grow past it, that becomes your standard. That, too, is in this amendment. It is...I believe has been summarized and put on your desk and I would urge adoption of the amendments found on page 549 of the Journal.

SPEAKER BARRETT PRESIDING