

SENATOR PIRSCH: Thank you, Mr. Speaker. Senator Landis, would you yield? I noted on page 15 that we have added a Class I misdemeanor for the person who fails to cooperate with the director or obstructs or interferes. Is that the first time that we've added a criminal penalty for these kinds of actions?

SENATOR LANDIS: Certainly in the area of liquidation. Our statutes are very sketchy and what hammer there has been in the past has been basically that the department can jerk anybody's license that they need to, if it's an agent or if it's a company to do business and nobody has ever messed with the department in this area.

SENATOR PIRSCH: And it was felt this was maybe needed as a deterrent or a tool to...

SENATOR LANDIS: Well, I'll tell you that fraud is a very real possibility, the squirreling away of assets, insider transactions, hiding of records, so, yes, the model legislation that the National Association of Insurance Commissioners indicates has this provision in it and that is why it appears here in our copy as well.

SENATOR PIRSCH: And the rest, of course, when it goes on to talk about embezzlement and fraud and all those other things, would be handled under present statutory...

SENATOR LANDIS: Yes, if there is, in fact, embezzlement or the like, there are criminal statutes available for relief there.

SENATOR PIRSCH: But this was needed specifically for that purpose...

SENATOR LANDIS: Yeah, I think the...

SENATOR PIRSCH: ...for the cooperation.

SENATOR LANDIS: ...although in no part did the hearing relate to this rationale, you do have the prospect of somebody not cooperating with the department and not only not cooperating, but hiding information, destroying records, shredding information, if that was to occur, that may not be embezzlement, you may not be hiding money but you could, in fact, be defeating the process of an orderly liquidation. That is why it's here.