

February 7, 1991 LB 75, 234

ASSISTANT CLERK: 31 ayes, 0 nays on the motion to advance the bill, Mr. President.

SPEAKER BAACK: LB 75 is advanced. We will now go to LB 234, Mr. Clerk.

ASSISTANT CLERK: LB 234 was introduced by Senators Landis, Lindsay, Haberman, Conway, Wesely, and Schmit. (Read title.) The bill was read for the first time on January 14 of this year. It was referred to the Banking Committee. They report the bill to General File with committee amendments, Mr. President. (See AM0078 on page 469 of the Legislative Journal.)

SPEAKER BAACK: Senator Landis, with the committee amendments on LB 234.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. Nebraska currently has a section of law, an article, aimed at the settlement practices of insurance companies and their trade practices, how they treat customers. This language is relatively old language and the practice of insurance has continued to be modified, rarefied, specialized. The NAIC has suggested to states, like Nebraska, that they treat these two pieces separately as an Unfair Trade Practices Act and an Unfair Settlement...Claims Settlement Act. So the first thing that this bill does is to separate out those two concepts, one, how an insurance company settles its claims and, number two, how it conducts its general trade practices. The committee amendments are several and, frankly, they are the product of some negotiation between the industry, the department, and the committee, and that negotiation went up to the time of the bill hearing, although after the time of the printing of the green copy of the bill. There are several changes in the committee amendments that are significant. First, there is a reduction from these nationally recommended fines which can be charged. The national recommendations, in many cases, were to the tune of \$100,000 as a maximum, in some cases, and \$250,000 in others. What we decided to do, however, was to generally take our existing standards and our existing fines, which were passed in 1969, I believe, and adjust them for the fact that there has been no change in the intervening 21 years. Additionally, we anticipate that these won't be changed for awhile as well. So we worked on the general theory of simply tripling our existing standard penalties, and that means that instead of the model use in a number of places of \$100,000 for what is currently a