

bills dealing with performance bonding requirements and some subdivision people wanting to eliminate performance bonding requirements and substitute irrevocable letters of credit in place of those. And the more we got into it, an irrevocable letter of credit or a cash deposit wasn't the same as a performance bond. So whenever I see this bonding thing being eliminated and other things coming in to take its place, I feel a need to ask some questions about it. There is currently a requirement for a surety bond in the statutes, and you are saying instead of a surety bond, they can have an insurance policy. Can you explain to me what the differences are in terms of operations and also in terms of protection of the public between having a bond and having an insurance policy?

SENATOR BEUTLER: Senator Withem, I think I would probably let the introducer of the bill explain that, basically. The insurance policy, in this particular case, is designed so that it would have the same kind of coverages both in amount and as to the broadness of coverage, at least theoretically, as the surety bond. Now I am not vouching for these statutes, generally, in terms of whether they are up-to-date or not. I think they are not up-to-date. I don't think the amount of the bonds are sufficient and I am not sure what kind of controls we have with regard to insurance policies. This doesn't have to do with performance bonds, however, this has to do with a different kind of bond.

SENATOR WITHEM: I guess...I was assuming I was going to ask a question, all of my concerns taken care of, and as I find out now that the introducer of the amendment is not too sure of the difference between the two of them. Let me turn to Senator Schellpeper and find out if he can explain the difference between surety bonds and the insurance policy as contained within this measure.

PRESIDENT MOUL: Senator Schellpeper.

SENATOR SCHELLPEPER: Senator Withem, I am not sure I can explain that either. I think that what we are attempting to do is to just use the insurance...would be guaranteed. Instead of using bonds, you are just using an insurance policy to guarantee the operations, as I understand it. I don't think...I am not a lawyer so I can't explain the difference between the two.

SENATOR WITHEM: I guess then, Madam Chair and members of the