

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office

May 19, 1999

LB 661

something happens because of Y2K, the city, the county, the school districts, the state aren't liable. Those bills did not make it out of committee and probably went too far. There are some statutes around the country like that. This takes a different approach. What we've done is that you're going to have to have used reasonable precautions, usual reasonable approaches to do this. For example, the financial institutions in the amendment that we're going to be talking about, the definitions for those financial institutions are that they've received...if they've substantially complied with or received a satisfactory rating with regard to their examinations, that that's...that makes them a complying defendant. They receive some protection because they've been through the test and the examinations and passed. We also talk about public defendants. Those are the state or the political subdivisions if, and only if, they've made reasonable efforts to protect their computer systems. In other words, they just can't stand back and say, eh, if something happens we're protected by statute. That's not true. They will be open for liability if they have not exercised reasonable efforts. That's the political subdivisions in the state. I think that's a general overview of where we're at. The Judiciary Committee has gone out and they were very patient. They took their time and looked through this bill. The major problem that you face with these, particularly for the financial institutions, and it could be for a subdivision, too, are class action lawsuits, small amounts of damages. Let's just say, for example, that for some reason there was a glitch and you lost interest on your bank account for a day or two, small amounts of money. Well, maybe unless you're...I'm trying to pick out somebody and I won't do it, but for those of you who have small amounts in your savings account such as our household, that probably wouldn't be a lot of damages. It may be a few cents. But the problem is if you have thousands of those depositors and you have people who go around and search them all up and get them into a class action lawsuit and file one big suit. That becomes very, very difficult to defend. It becomes expensive to defend, and they become expensive to settle. And the resources are better spent, in my opinion, they're better spent trying to fix those problems and doing those right away instead of addressing those class action lawsuits. That was the original purpose for the bill is to avoid class action lawsuits. The other is that the bill