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March 22, 2000 LB 1119

LB 1119.

SENATOR LANDIS: Thank you, Mr. Speaker, members of the Legislature. Under normal circumstances, this would be a committee bill, but because we wanted it introduced on the first day, and there is always a sensitivity to make sure that bills get read, I simply put my name on it and got the bill in as quickly as we could because the committee had a good appraisal of the issues involved in LB 1119 this summer when we had a meeting with the department and interested parties on the topic of adopting the Property and Casualty Insurance Rate and Form Act and eliminating some of our regulatory burdens and oversight that we now use. Nebraska has, as a general rule, a prior approval mechanism for dealing with insurance policies. Companies provide us with a policy. We examine it. We look at its terms. We look at its pricing, and we say yea or nay. And, of course, the overwhelming answer is that we say yea, that's fine, this works. On occasion, we say no. We have 30 days to do this work. Currently, we are not doing it in 30 days; we're doing it in 60 days. We're behind. This means that new products are slow to get to market. Now what this bill does is to single out a body of insurance...insureds, if you will, actually policyholders, and say these policyholders are sufficiently sophisticated that they can bargain on a relatively equal and substantial basis with insurance companies, that they are sophisticated and can fend for themselves well, we don't need to interject the Department of Insurance between an insurance company and ConAgra. These are two big people. They can handle themselves. This is not a homeowner in your district or my district with their homeowner's insurance policy. It's not like you or I dealing with our insurance for our car. These are large commercial interests who are paying at a minimum of \$25,000 or more of premiums per year. At \$25,000 or more of premiums in a year, a commercial entity would be free to negotiate rates without the prior approval of the state of Nebraska. At \$50,000 of premiums or more, the company and the insured would be free to negotiate the contract terms. Understand the contract terms cannot vary or violate any of the rest of our existing laws; laws against discrimination, laws that require an insurance company to be examined, safety in soundness, accounting principles, cancellation principles, none of those could be violated. But the contract terms, whether