

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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PRESIDENT MAURSTAD: Committee amendments are agreed to.

CLERK: Mr. President, Senator Landis would move to amend with AM2467. (Legislative Journal page 867.)

PRESIDENT MAURSTAD: Senator Landis, you're recognized to open on your amendment.

SENATOR LANDIS: Thank you, Mr. Lieutenant Governor, members of the Legislature. This is the home of the Insurance Department's wish list, if you will, this year, and there is a second topic that they have been working on, and I think it's a very good one. It also trips the concern of Senator Dwite Pedersen about a constituent. It has to do with workers' comp and, in fact, there is some reference in the original bill to workers' comp, so this is a section on a workers' comp assigned risk plan. Currently, if you are an employer with a bad experience rating, you've had a number of accidents, you have very high workers' comp premiums, you can get a record that is so unattractive that nobody wants to do business with you. This, by the way, is also possible for drivers in a different field. Well, the law, in both of these cases, both with drivers and with workers' comp, has a mechanism because everybody has to have this insurance no matter how bad of a risk they are. We've had the historical way of doing the bad risk mechanism which is to assign bad risks to each of the companies doing business in Nebraska, kind of like the lottery, if you will. Got a bad risk, we spin the wheel, and we say, well, St. Paul, you cover so-and-so, and here's another company, you cover this person, you cover...and we say to another company, you cover that person, and make sure that everybody gets access to insurance, and we require people who are doing business as worker comp companies in this state to take part of the really bad risks. However, it means you have to write an individual policy for each one. You have the transactions costs involved in handling all of these situations one at a time and getting a special arrangement with each of these insurance companies. What the department did, on its inherent authority, was to say, you know, what if we went to one insurance company and made essentially a contract that says we, the state of Nebraska, will give you all of our bad risks. You, in turn, will commit to taking all of the bad risks. We'll have one policy. We will have one transaction cost. We will make