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and if the director determines that the cost of such workers' compensation coverage is unreasonably high this amendment allows the director to enter into an agreement in which the assigned risk insurer covers a portion of loss incurred by the assigned risk employer with the remaining losses assessed against a voluntary market. According to this amendment, assigned risk premium shall be excluded from the basis of such assessments and I'd like you to explain why.

SENATOR LANDIS: What we've got is this. We've got a situation in which we've got a company who will write the bad risks. We let them set a rate higher than we'd let them set...than any other company would set for anybody else, and we can expect that. At some point, we say, look, all the rest of the companies are skating by. None of them are writing these really bad risks. If the premiums get so high we're going to ask other insurance companies who have been freed from underwriting these bad risks to chip in and assist in keeping these premiums certainly very high but not exorbitantly high. And the reason is we have freed those other companies from writing the highest risk, most likely to be a down loss for them than anybody else, and to assist us to make sure that even though these employers have bad records that their premiums don't go through the roof. At the point at which it's 2.5, at that point the director can look to other insurance companies to help out with paying the premiums. It's a way of spreading the economic cost of providing workers' comp to high-risk employers who have to have coverage and who would be a headache for all the rest of these companies, except the companies are freed from that headache because we have one assigned risk contract that's being done with Wausau. That's why we're doing it.

SENATOR DW. PEDERSEN: Thank you, Senator Landis. These are some things I wanted on the record. Appreciate your help.

PRESIDENT MAURSTAD: Thank you, Senator Pedersen. (Visitors introduced.) Senator Landis, on the Landis amendment.

SENATOR LANDIS: Thank you. I did want to add that if an employer is trying to defraud a company, it's possible that there would be a break in coverage. Now there is no obligation to...to cover or write insurance for an employer that is