

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

February 25, 2003 LB 216

question. Again, you may recall that this is the new file and use procedure that we're talking about, and on page 52, line 12 of the bill, with regard to these policy forms, it says the director may; "The director may review a policy form filing at any time after it has been made." That sentence, to me, is very problematic because it indicates or could be interpreted, surely, to mean that the director may not review these policy forms at all. The director may review a policy form. And, furthermore, it says that they can review at any time, so that under a file and use system an insurer could put a form into play and maybe the department doesn't get around to looking at the form at all or maybe it doesn't get around to looking at it for a long, long period of time. And if it turns out that that policy had, for example, some hidden clause that had an extremely detrimental, unexpected effect on a policyholder, many, many of those policies might be put in place before the nature of the policy provision was detected by the insurance department. So I would change that language to say that the director shall review a policy form, and that he shall review the policy form within a reasonable time after it is made. You know, my perception has been over time that this is another one of these little cycles that goes on, and what tends to happen with the regulatory process is that the interest who are interested in an easy-to-use, light regulatory process continually batter this Legislature for rules that make things easier and less review by the department, less scrutiny. And we go through this kind of cycle for years and then, all of a sudden, we have a bad event and we discover that we've gone too far, and then maybe we change the law back again to what it was before, and so the cycle goes on. But I suggest to you that what makes sense is, let's not try to go too far in one direction or another, but to move carefully and cautiously and be sure a file and use system does not become a file and abuse system, and that's basically what this set of amendments is directed towards. If that sentence on page 52 is made to indicate that the director may choose not to review policy forms then I think that's simply bad law. That's going too far. The director should continue to review policy forms. There's a good policy reason for that. And they should do it within a reasonable time after the policy form comes in. Otherwise, the consequence would be, could be, that many policyholders would be