

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB573

Hearing Date: Monday March 18, 2019
Committee On: Banking, Commerce and Insurance
Introducer: Hansen, M.
One Liner: Change provisions relating to agreements under the Intergovernmental Risk Management Act

Roll Call Vote - Final Committee Action:
Indefinitely postponed

Vote Results:

Aye: 8 Senators Gragert, Howard, Kolterman, La Grone, Lindstrom,
McCollister, Quick, Williams

Nay:

Absent:

Present Not Voting:

Oral Testimony:

Proponents:

Senator Matt Hansen
John Lindsay
Michael Werner
Dave Hunter
Tracy Juranek

Representing:

Introducer
League Association of Risk Management
Self, City of Waverly
Auburn Board of Public Works
League Association of Risk Management

Opponents:

Dean Edson
Doug Hanson
Lanette Doane
Jo Leyland
Sandra Schendt
Douglas Stack
Bruce Ramge
Desirae Solomon
Lynn Rex
Megan Boldt

Representing:

NE Association of Resources Districts
League Association of Risk Management
Village of Ansley
City of Imperial
City of Nelson
City of North Platte
NE Department of Insurance
City of Blair
League of NE Municipalities
NE Association School Boards, All Lines Interlocal
Cooperative Aggregate Pool
NE Insurance Federation
League of NE Municipalities

Robert Bell
Andy Barry

Neutral:

Representing:

Summary of purpose and/or changes:

This bill would amend section 44-4306 of the Intergovernmental Risk Management Act to provide for additional provisions that shall be in the financial plan and the plan of management of an agreement entered into for the purpose of establishing and operating a risk pool.

Currently, a financial plan shall set forth the amount of cash reserves to be set aside for the payment of claims. The bill would provide that, with the permission of the Director of Insurance, such amount may be expressed as a dollar amount or as a fraction of risks pooled. The bill would provide that the amount of cash reserves shall be calculated based on the different types of insurance coverage offered, amounts covered, claims experience, economic stability, and underwriting risks involved. The bill would require that a financial plan shall set forth the "minimum amount" rather than the "amount" of aggregate excess insurance coverage and specific excess insurance coverage to be purchased in a given fiscal period, and shall set forth the "minimum amount of specific excess insurance coverage to be purchased for each type of insurance coverage offered by the pool in a given fiscal period."

The bill would provide that the board of directors of a pool shall be chosen by an election voted in by the member public agencies and that the election is not subject to the Election Act. The bill would provide that a plan of management shall set forth (1) the manner and method of electing the members of the board of directors, (2) proof that such manner and method has been filed with the Secretary of State, and (3) a provision that the election protocol shall be approved by the Secretary of State prior to the commencement of operations of the pool.

The bill would provide that a plan of management shall set forth (1) a provision requiring that no member of the board of directors may serve for a term longer than XXX consecutive years or for more than XXX terms or XXX partial years each, whichever is longer; (2) a provision requiring that members of the board of directors be elected in staggered elections which assure that no fewer than one third, and no more than one half, of the members are elected in any one year; and (3) a provision requiring that elections of members of the board of directors shall be conducted on terms and in a manner approved by the Secretary of State.

The bill would provide that a plan of management shall set forth (1) provisions requiring that all claims shall be "adjusted" rather than "paid" promptly, "that for all claims a determination of coverage and liability shall be made promptly, and that all claims shall be settled and resolved promptly or defended on their merits if it is determined that they are of doubtful merit or validity, (2) a provision requiring that no part of the "income" as well as the net earnings or assets of the pool shall inure to the benefit of any "organization of any kind" as well as any private person, and (3) a provision requiring that no part of the assets, income, or net earnings of the pool shall be used for commercial sponsorships, branding, co-branding, or promotions except to the extent that such efforts are made by parties expressly contracted to do so."

The bill would provide that a plan of management shall set forth any other standards, procedures, or practices necessary or desirable for the continued operation of the pool "as directed by the board of directors or required by the Director of Insurance, except that the Director of Insurance shall not impose requirements that are greater than those imposed upon a commercial insurance company licensed to transact business in Nebraska."

Matt Williams, Chairperson