[LB80 LB133 LB316]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Tuesday, February 11, 2013, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB80, LB316, and LB133. Senators present: Mike Gloor, Chairperson; Mark Christensen, Vice Chairperson; Kathy Campbell; Tom Carlson; Sue Crawford; Sara Howard; Pete Pirsch; and Paul Schumacher. Senators absent: None.

SENATOR GLOOR: Good afternoon and welcome to the Banking, Commerce and Insurance Committee. I'm Mike Gloor. I'm the State Senator from District 35 which is Grand Island, and I'll have the other senators introduce themselves in a bit. The committee will take up the bills in the order posted on the agenda outside the door. To make sure that the meeting runs smoothly, we have some general rules and procedures and those are listed to your left on the board, but let me run through them quickly. The first and one of the most important to avoid embarrassment for you is, please check your cell phones to make sure they are on buzz, hum, or turned off completely. The order of testimony will be the introducer, proponents, opponents, those in a neutral capacity, and then closing by the introducing senator. We would ask all testifiers to please sign in, fill out one of the pink sheets, and be sure and give it to the committee clerk, if you would. And when you sit down to testify, we would ask that you give your name and be sure and spell your name so that the transcription folks can be sure and get it down correctly. And Jan at the end of the table isn't the one who does that. That's why we ask people to be sure and spell. Be concise. We have a light system. I'm not going to use the light system today, but I would ask if you would please try and limit your comments to five minutes, if at all possible. If you want to go on record today, you're welcome to sign one of the white sheets over there. Written materials can be distributed during the time that you're giving testimony, but we ask that you have ten copies. And if you don't have ten copies, the pages off to the side can be sure and get ten copies for you, and we're glad to do that. To my immediate right is committee counsel, Bill Marienau, and to my left at the end of the table, Jan Foster, who is the committee clerk. We have Will and Nathan who are pages here to help you and us. And with that, I think I'll ask senators to introduce themselves. Senator Crawford.

SENATOR CRAWFORD: Hello. Sue Crawford, Legislative District 45, that's Bellevue, Offutt, and eastern Sarpy County.

SENATOR SCHUMACHER: Paul Schumacher, District 22, Platte, parts of Colfax, and parts of Stanton County.

SENATOR PIRSCH: Pete Pirsch, District 4, Boys Town, parts of Douglas County, and city of Omaha.

SENATOR CAMPBELL: Kathy Campbell, District 25, east Lincoln and eastern Lancaster County.

SENATOR CARLSON: Tom Carlson, District 38, there are six counties and part of a seventh in my district, and I live in Holdrege.

SENATOR HOWARD: Sara Howard, District 9, midtown Omaha.

SENATOR GLOOR: And with that, we'll start on our agenda with LB80. Senator Schumacher. Good afternoon.

SENATOR SCHUMACHER: Good afternoon, Senator Gloor and members of the committee. I am Paul Schumacher. I represent District 22 in the Legislature, Schumacher, S-c-h-u-m-a-c-h-e-r. When...right after I introduced this bill, someone came up to me and said, oh, I see you're carrying the Christmas bill. I says, a Christmas bill? Yeah, that insurance bill. I says, why would you call it the Christmas bill? They said, because it comes around every year. And this bill has been around every year for the last many years, and the proposal has been about the same and that is to double the insurance limits from $25,000 for a single injury, $50,000 for a whole accident. Historically, those numbers were set apparently in 1983. And in 1983, $25,000/$50,000 were probably on the low end of real. But they were deemed adequate by the Legislature to ensure that our motoring public had adequate insurance, in most cases and in most common instances, to pay a liability in the event they caused an accident or in the event they encountered an uninsured motorist or underinsured motorist, to have sufficient assets there so they would not find themselves having to dig into their own pockets to satisfy the injuries. And, of course, on the front lines of these kinds of things there is always the insurance agents because they're the guys that get screamed at if there isn't enough insurance. Why didn't you tell me? Why didn't you tell me I should have greater limits that, you know, $25,000 wasn't going to be enough. You just let my policy slide on past. And those guys repeatedly have been behind bringing this legislation, which has not made it out of committee in the times that it's been attempted, to say, look, let's up this in accordance with inflation. And that is all this bill does. It just takes the 1983 numbers and adjusts for inflation. In fact, it doesn't quite adjust for inflation. If you run the little inflation calculators it's...today we have about 43 percent as much coverage as was had back in 1983. So the...if we were to actually adjust it for inflation, instead of being $50,000, replacing the $25,000, it would be $57,000. And so this doesn't even adjust for inflation, but that's the purpose of it, to get it to adjust for inflation. Now we probably at some point, are going to have to make a decision whether or not this type of mandatory insurance limit is any good at all. Because if you go back and assume that the inflation for the next--well, it's 30 years now from 1983--that for the next 23...next 20 years is going to roughly be the same as it was for the last 50 years, then in 10 years this insurance coverage is going to be equal to 19 percent of what was deemed appropriate in 1983. And in twenty years from now, using that same kind of rate of inflation, it'll be equal to 13 percent of what was deemed appropriate, because then it'll take $187,000 to equal what was $25,000 in the past. So at some point, we just as well get rid of it, because it's going to continue to go down and down and down and down until it's functionally not functional in the incident of a accident. If we think the Legislature back in 1983 was wise and that that $25,000 figure was appropriate for the financial stability of the people who might be involved in accidents and who are driving vehicles, then we should make an adjustment to keep up for inflation. In fact, it's not in this bill, but maybe to save the headache in the future it should be in a bill that it automatically adjusts for inflation and that we don't have these particular issues. Now, as in other years, I'd be very anxious to listen to the insurance industry who has traditionally opposed this legislation, as to why an insurance company would oppose a requirement that people buy more insurance and to give us a reasoning why that is the case. Overall, I'm told that premiums would be adjusted by about 3 percent. But for 100 percent increase in coverage, a 3 percent increase in premiums--a couple, three dollars a month I think the testimony will be--should be worth it. So with that, I'll end my opening and take any questions. There will be several people to testify after me. [LB80]

SENATOR GLOOR: Thank you, Senator Schumacher. Are there questions for Senator Schumacher? Senator Campbell. [LB80]

SENATOR CAMPBELL: Senator Schumacher, in looking at this and looking at some surrounding states--and, you know, we now all have the chart which tells us what other states do--obviously, our surrounding states and other states aren't adjusting for inflation either or do you know that they are? [LB80]

SENATOR SCHUMACHER: I believe that a lot of them aren't. But as is being said in Revenue Committee, just because everybody else jumps off a bridge, should you? [LB80]

SENATOR CAMPBELL: I just wondered if there were some other kind of national standard that we would look at rather than an inflationary standard. [LB80]

SENATOR SCHUMACHER: I don't know of any, Senator. [LB80]

SENATOR CAMPBELL: Okay. Thanks. [LB80]

SENATOR GLOOR: Other questions? Seeing none, thank you, Senator Schumacher. [LB80]

SENATOR SCHUMACHER: Thank you. [LB80]

SENATOR GLOOR: You're welcome to get back here and join us or you can sit in the audience, wherever you think the popcorn's best, I guess. [LB80]

SENATOR SCHUMACHER: This chair is softest. [LB80]

SENATOR GLOOR: Can I see a list of those who would like to testify today...a hands up? So we have about half dozen people. We'll start with proponents. Those who'd like to speak in favor of the bill, feel free to come forward. And do you have a testifer sheet also? [LB80]

DANFORTH LORING: I'm sorry, I do. [LB80]

SENATOR GLOOR: Thank you very much. [LB80]

DANFORTH LORING: Thank you for the reminder. I would have taken it back home with me. [LB80]

SENATOR GLOOR: We'd have had to tackle you in the hallway so I'm glad we got it from you. Thank you. Please start. [LB80]

DANFORTH LORING: (Exhibit 1) Well, thank you for this opportunity to testify in support of LB70...(LB)80. I appreciate Senator Schumacher sponsoring it and the committee and the Chair. My name is Danforth D. Loring, D-a-n-f-o-r-t-h, middle initial, D, Loring. I go by Dan. I'm representing the Independent Insurance Agents of Nebraska, and I've been in this business as an agent for 43 years. I don't know too much more than what Senator Schumacher already mentioned as he introduced the bill. I'm a strong consumer advocate for my clients and any other consumer. And $25,000 for bodily injury arising out of an auto accident is just simply not enough. I did a little research in preparation for today's meeting, and I used 1988 in preparation. The U.S. Inflation Calculator puts that at $48,000. However, Senator Schumacher updated it to $56,000, I think, this morning. One of the things that's interesting is the Consumer Price Index by the Department of Labor Statistics shows that the CPI has increased about 28 percent over the last ten years. But we're talking about medical, and the medical costs have increase 39 percent and hospital costs are up 75 percent, so we get further and further off the mark as we stay at $25,000. One of the interesting statistics I found was the National Safety Council and they show an average nonfatal disabling injury--is their definition--to be $70,200. That has a kind of separate statistic from insurance statistics. The Insurance Services Office, who is tied in with the Insurance Information Institute, shows that the average bodily injury auto accident is $14,848. That doesn't seem like a whole lot except if we take it over the same period--and 1999, actually, was where I found the statistic--that number is up 54 percent. The vehicular liability average, a different number, is $181,000. So we have a number of things kind of flying around. And this gets into the actuarial calculation: the average versus the mean versus what's kind of the real number. As we debate ratemaking, the average works for most everybody unless you're the one with $181,000 medical cost you're facing. Another part that bothers me a little about the mandatory part of $25,000, if you have that minimal amount and you have an accident, your insurance company passes out $25,000 and goes away. That leaves the injured party looking at his own policy, under his uninsured/underinsured motorist clause, for reparations. That is, the at-fault party doesn't pay, but the victim ends up paying. Now most of our clients had a limit of around $500,000 uninsured motorists, and I'm going to assume that most of you do, too. But the minimum of $25,000/$50,000 for both the financial responsibility and uninsured motorist is not going to cover a serious bodily injury accident. And then you're facing bankruptcy, loss of your house, whatever. I did do a couple of rating examples using a two car, two driver, that is 35 years of age, and found the increase to be $25 per car or 3 percent to increase from $25,000/$50,000 to $50,000 and $100,000. I then took four cars, four drivers, two of which were underage operators, and that increase was $36 per car, but still 3 percent of the total premium. So this increase is not really a lot of money from the premium standpoint. Premiums have been pretty flat for, I don't know, eight, ten years. I don't think there's going to be much of a change, and the impact of this increase should be just a ripple. Physical damage part, you know, that's not as important, at least to me, as bodily injury. Your car is typically worth more than $25,000. So if someone wipes out your car, if you're driving a BMW, you've got a problem. But most people with BMWs buy collision. We do have a couple of people who self-insure their vehicles up to $50,000. I'm assuming if they can pay $50,000 for their own negligence maybe they're thinking the same, but that doesn't seem fair to me either. I think I've covered everything that I put in the envelope for everybody to look at. I hope I've been clear, but I'm just thinking that increasing these limits is what's in the best interest of the citizens and consumers of Nebraska; not me as an agent, not the insurance company, not the lawyers. I just think it's a good consumer move. Can I answer any questions from anybody? [LB80]

SENATOR GLOOR: Mister Loring, I'm guessing you've testified...this is a Christmas tree bill. Have you testified before this committee before? [LB80]

DANFORTH LORING: Last year and then about three or four years ago. Are you inviting me back already? [LB80]

SENATOR GLOOR: Well, I'm sure you hope that you don't have to come back. But why do you think this bill hasn't made it yet? Why has it not gotten any traction? [LB80]

DANFORTH LORING: You know, I'm a little confused whether people think that if we increase the mandatory requirement, people will quit buying insurance. I don't think that would be the case; $2 a month. Another part I don't understand is if we pick the insurance company saying, we're not going to put up any more because it'll increase our claims, that doesn't hold water, in my way of thinking, because it just comes back to them through the uninsured/underinsured motorist. So the rate doesn't seem great to me. I don't think the insurance companies will pay out significantly more money if we increase it. So I'm not real sure why we're stuck. [LB80]

SENATOR GLOOR: Okay. Other questions for Mr. Loring? Yes, Senator Carlson. [LB80]

SENATOR CARLSON: Thank you, Senator Gloor. And thanks for being here. I spent 30 years in the insurance business, but I've forgotten a whole lot. So...and I didn't sell automobile insurance, but can a person living in Omaha go to Council Bluffs and buy automobile insurance? [LB80]

DANFORTH LORING: Well, sure. You can buy insurance in any state you want. The catch is going to be the underwriter and whether you're trying to defraud the company for lower rates. But if you buy a policy in Omaha, you're covered throughout the continental United States. So if you buy a policy in Iowa, you're covered in all the states also. Is that your question? [LB80]

SENATOR CARLSON: No, because we're talking about changing the law in Nebraska so that we're doubling what would be covered in the case of an accident. So if Iowa is the same as we currently are and now we double it, then can I go across to Iowa and buy their policy which is... [LB80]

DANFORTH LORING: Oh, I see. Would their policy comply with our bill? [LB80]

SENATOR CARLSON: Yes. Would it have to? [LB80]

DANFORTH LORING: Yes, it would. There is a clause on all--all that I'm aware of anyway--auto policies that say they comply with the state in which the vehicle is being operated. For instance, if you're in a no-fault state back East, our tort liability policy becomes no-fault automatically as long as you're there on a temporary basis. If you move to a no-fault state, you're going to be required to buy no-fault insurance. So if you buy the insurance in Iowa and they have $25,000/$50,000, the liberalization clause will give you $50,000/$100,000 when you come to Nebraska to comply with our statute. [LB80]

SENATOR CARLSON: If I live in Omaha and I go to Council Bluffs and buy that policy and pay a premium over there, will that be a lower premium than what I pay in Nebraska because of the $25,000/$50,000? They're $25,000/$50,000 and we're $50,000 to $100,000. So I go over there and buy it. Will I pay a lower premium than what I pay in Nebraska, if I buy it in Nebraska? [LB80]

DANFORTH LORING: Insurance rates are statistical based on what's reported. Temporarily, no. Would they pay...it's parochial by Council Bluffs or Glenwood. You know, I don't know. [LB80]

SENATOR CARLSON: Well, I think it's kind of an important question because if I can't go to Council Bluffs and buy the policy and pay less, then I don't think there's any reason that an agent in Nebraska wouldn't be for increasing this coverage because we're not at a disadvantage. If I'm an agent in Nebraska and my client cannot go to Council Bluffs and pay less, then this is not a bad deal for the agent. You must think it's a good deal for the agent or you wouldn't be supporting the bill. [LB80]

DANFORTH LORING: Actually, as far as what's good for the agent, I don't know that I'm testifying what's good for the agent. Maybe I can back off just a little bit. Perhaps you're thinking about the commission an agent might receive on an elevated premium? [LB80]

SENATOR CARLSON: No. [LB80]

DANFORTH LORING: I'm sorry. I don't... [LB80]

SENATOR CARLSON: Okay. It's okay. I was an agent for 30 years. I'm in the agent's pen when it comes to considering things in insurance that are good for the agent. Obviously, it's got to be good for the customer or it isn't good for the company or the agent. So where an agent gets at a disadvantage is if they're selling a policy and the person in Omaha can go over to Council Bluffs... [LB80]

DANFORTH LORING: Oh. [LB80]

SENATOR CARLSON: ...and buy the same policy for a lower premium. I don't see that as the case here. Would that be a possibility or not? [LB80]

DANFORTH LORING: It could come to pass. I think what's going to restrict that from happening is where the car is registered. The...when you go to get your plates in Nebraska, you have to have Nebraska insurance. When you go to get your plates in Iowa, you have to have your Iowa insurance. You have some regulatory restraints that would prohibit everybody running over to Iowa to buy cheaper insurance or lower limits. There's some exemptions. For instances, if you had a car in Florida for 90 days or something or you just leave it down there. But usually you have to insure the car in the state in which it's licensed. [LB80]

SENATOR CARLSON: All right. You're in the business of selling insurance, aren't you? [LB80]

DANFORTH LORING: Yes. Yes. [LB80]

SENATOR CARLSON: Okay. So you want things that are good for the people that sell for you. You have agents under you? [LB80]

DANFORTH LORING: Well, I am an agent. But, no, I don't have agents under... [LB80]

SENATOR CARLSON: So you...but you are an agent? [LB80]

DANFORTH LORING: Yes. [LB80]

SENATOR CARLSON: You want things that work to your advantage. You should or you're not in the right business. You've got to serve the customer... [LB80]

DANFORTH LORING: Right. [LB80]

SENATOR CARLSON: ...and serve the customer well. And in a sense, that's what's being driven here is because you want better coverage... [LB80]

DANFORTH LORING: Absolutely. [LB80]

SENATOR CARLSON: ...for the...for your customer. But you don't see this as an...it doesn't put you in a negative spot as an agent? [LB80]

DANFORTH LORING: No. It's neutral. [LB80]

SENATOR CARLSON: Because nobody from Council Bluffs has an advantage over you with this change. [LB80]

DANFORTH LORING: No. [LB80]

SENATOR CARLSON: Okay. [LB80]

DANFORTH LORING: Not that I perceive. [LB80]

SENATOR CARLSON: Okay. Okay. And I didn't mean to get deeper than I needed to, but that's important. [LB80]

DANFORTH LORING: I'm sorry, I don't think I understood your question. I'm sorry. But yeah, I... [LB80]

SENATOR CARLSON: Do you still not understand the question? [LB80]

DANFORTH LORING: No, no, no. I do now. But I don't think there's an advantage from one state to another, no. [LB80]

SENATOR CARLSON: Okay. What...why do you think a company would be against this? [LB80]

DANFORTH LORING: Well, like I told Senator Gloor, I'm not real sure, other than to limit their losses or if it comes back to them through uninsured motorist anyway, I don't know why a company...the company, if they support it, is going to get a little bit, you know, incremental, marginal more income from it. So yeah, I don't know. [LB80]

SENATOR CARLSON: Well, if it's $36 more for...and I get somebody that has three or four vehicles... [LB80]

DANFORTH LORING: Uh-huh. [LB80]

SENATOR CARLSON: ...and you insure $1 million, that's a lot of money. [LB80]

DANFORTH LORING: Yes. [LB80]

SENATOR CARLSON: So I don't know why the company would be against it. I'll ask somebody from the company why they'd be against it. [LB80]

DANFORTH LORING: Okay. [LB80]

SENATOR CARLSON: But you don't see why they'd be against it? [LB80]

DANFORTH LORING: No. [LB80]

SENATOR CARLSON: Okay. Thank you. [LB80]

DANFORTH LORING: I've made a new friend with Mr. Dobler, so I'm sure he'll have some answers for that side. [LB80]

SENATOR CARLSON: Okay. Okay. Thank you. [LB80]

SENATOR GLOOR: Thank you. Other questions? Senator Crawford. [LB80]

SENATOR CRAWFORD: Thank you, Senator Gloor. And thank you for coming and your testimony. So you sell insurance. Do you sell very many policies that are at these minimum levels to your clients? [LB80]

DANFORTH LORING: No. [LB80]

SENATOR CRAWFORD: What is the, I guess, modal type of policy? What's the most common policy that you sell; level of the most common policy that you sell? [LB80]

DANFORTH LORING: I might be a little bit different than some. I don't sell a personal auto policy for less than a $500,000 limit. [LB80]

SENATOR CRAWFORD: And so you have very little experience with clients that have insurance at this level to say how often they have claims that go over those limits, correct? [LB80]

DANFORTH LORING: I think that would be a correct statement, yeah. The way we would see it is someone with those minimum limits who have an accident and cause bodily injury to one of our clients, then we see it through the insured/underinsured motorist side, but it's for our clients. As far as experience with people with $25,000/$50,000, that's a correct statement. I don't have any of those. [LB80]

SENATOR CRAWFORD: Thank you. [LB80]

SENATOR GLOOR: Senator Pirsch. [LB80]

SENATOR PIRSCH: Do we have an idea as a percentage, right...so the $25,000/$50,000 is the floor, right? I mean, (inaudible) do we have any understanding of in terms of percentage of the driving population who are out there, what percentage are driving with the $25,000/$50,000 floor...statutory floor now? [LB80]

DANFORTH LORING: I would have no access to those statistics, Senator. I would think it would be a noticeably large percentage if we were looking at people who are scraping together a minimal budget. That's the only thing they can afford so if you can identify those people. I mean, I wouldn't even venture a guess. I don't have that statistic. [LB80]

SENATOR PIRSCH: Okay. Thank you very much. [LB80]

SENATOR GLOOR: Other questions? Senator Christensen. [LB80]

SENATOR CHRISTENSEN: Thank you. [LB80]

SENATOR GLOOR: Senator Christensen has joined us since the introductions. [LB80]

SENATOR CHRISTENSEN: Thank you, Chairman. Thank you for coming in. Sounds to me like you're doing a great job selling policies because if you don't have anybody on the minimum levels, you're doing what I would say is your job. I personally, and I'm sure everyone sitting at this table, can't afford to have just the minimum liabilities because if you own a home or anything of assets, they can come after them, correct? [LB80]

DANFORTH LORING: That's correct. [LB80]

SENATOR CHRISTENSEN: So, in a way, you could say we have further avenues and the one that's going to go after them would be the insurance company, correct? So if we had a claim, you had $25,000/$50,000 insurance and I had a wreck and I had the minimum, you got...the insurance company is going to sue me if I got more assets to come after. [LB80]

DANFORTH LORING: Yes, they would. The subrogation feature would come into play. And if they can determine there's assets to attack, they will do that, yes, under subrogation arbitration. [LB80]

SENATOR CHRISTENSEN: Sure. So anybody of assets, if they got a good sales agent is going to buy higher levels. [LB80]

DANFORTH LORING: Yes. [LB80]

SENATOR CHRISTENSEN: So the advantage of having low levels is trying to keep people insured. The worst thing you can have is to have somebody with no insurance because then you end up on your uninsured policy and collecting...basically, that's coming off your claim. Backdoor way, whether it affects your rates or not--the underinsured--it will affect them rates. And so that's been my struggle. This is year seven of hearing a bill like this or similar. And my struggle the whole time is, the ones I hate are the ones that's uninsured or not insured. And how do you keep them insured? You know, how can I prevent them from ever driving again? I'd rather have a notice on something coming in as soon as someone cancels their insurance policy. It gets sent to DMV or something that way so next time they're stopped, they're arrested for it because if they get stopped there's notice on your driver's license that you don't have insurance. They're going to find it anyway, hopefully. But that's the thing that I've always landed on. Why should I push this up because, like I said, I think you're doing a great job because any good agent is going to protect his client and...his or her client so they're going to push the levels up. So why do we push the bottom level to maybe make it so less people might purchase it, because I got friends that, I mean, it's paycheck to paycheck. They may make bad choices, most of them do, but how do we get them to raise their level? It's going to be the agent doing it. We can mandate it higher, but are we going to have more cancellations? I don't know where the statistics are on it; I don't know how to get them, necessarily. But my problem is, I think most of it lays on the agents' side of it. They've got to represent their client, and if their client can afford it, they got to push them. Because if I had zero net worth, I was just renting, all I owned of value was that junker car I drive, then I probably wouldn't care. And I'd just...and even if I didn't have insurance, I wouldn't care. There's the tough part. That's this debate every time we're here, is how do we get the uninsured to stay insured or have insurance versus...because it's a fact. Anybody that can't manage money is not going to operate insurance right. So I don't know what to do. I know it's more of a statement than a question, but that's the dilemma, as I see it. Thank you. [LB80]

SENATOR GLOOR: Other questions for Mister Loring? Seeing none, thank you very much for your testimony. [LB80]

DANFORTH LORING: Thank you for taking the time. [LB80]

SENATOR GLOOR: The next proponent. Seeing no more proponents, opponents? Good afternoon. [LB80]

JAMES DOBLER: (Exhibit 2) Senator Gloor, members of the committee, my name is Jim Dobler, that's D-o-b-l-e-r, and I'm executive vice president and general counsel with Farmers Mutual of Nebraska. I'm also a registered lobbyist, and I appear today on behalf of Nebraska Insurance Information Service. And this is an entity that is a trade organization here in Nebraska, and it is composed of property and casualty insurance companies that are licensed to do business in the state of Nebraska. On the very last sheet of my handout, I included a copy of the letterhead of our organization so that you can see the member companies that belong to Nebraska Insurance Information Service. As a group, our member companies write the majority of the personal auto business in Nebraska. As you all very well appreciate, auto insurance affects Nebraska citizens every day. And I just can tell you, we always welcome the opportunity to appear before this committee and provide you...try to provide you with whatever information we can about our insurance products. I have prepared remarks for the record, and I'm not going to go through the prepared testimony. I have a couple comments to make, and then I want to spend just a couple minutes on a few of the exhibits that are attached to my prepared remarks. Initially, the added cost of doubling the mandatory automobile liability insurance limits will fall most heavily on those who can least afford it which is low-income households. As the cost of the insurance product goes up, more people will not buy it and ultimately we will see more uninsured motorists. This bill has an impact on the type of product that we will be providing in the future. Essentially what it does is it takes a group of risk exposures that are currently sitting with the $25,000/$50,000 liability limits, and it takes that group of exposures and it moves them up with a separate group of exposures that are sitting with $50,000/$100,000 auto liability limits. So you have two separate risk exposures that now will become one. The big question there is, what will be the impact of moving the minimum limit risk exposures to a higher level with those that are at $50,000/$100,000? No one knows the ultimate impact of that. My suspicion is that at the $25,000/$50,000 level, there are a number of those people that are there because they're at a higher risk. It's a higher-risk type of exposure. All they can afford are the minimum limits. So when you take that higher-risk exposure and you put it up with a different one that's at $50,000/$100,000, I think you're going to change the long-term rates of those even at $50,000/$100,000. I think there will be upward pressure on those $50,000/$100,000 rates. So I think that's an...from an insurance company perspective, that's very important because now they're separate; going forward they would be combined. We don't know the impact of it. I think it's going to affect a lot of people. The other thing that's difficult for us when that occurs is you can't simply look at the new group of drivers at $50,000/$100,000 and adjust your rate. The ratemaking process, to be credible, takes roughly five years of data before you can begin to draw any conclusion about what has happened when you move to $50,000/$100,000. So initially we would have to combine those groups, and we won't know the impact of it until some time down the road. And then that's part of why we oppose the bill. I'd like to turn to a few of the exhibits that I have and spend a couple minutes just kind of seeing where we're at and how our current minimum, mandated liability limits fit in with what's going on with our losses. Exhibit A: this is just a listing of all 50 states and where they're at in terms of what they mandate for liability insurance. And there are about 28 states there, including Nebraska, which are all roughly at the $25,000/$50,000 level. The top two, Alaska and Maine, they may offer a higher liability limit, but their underinsured motorist limits are very different. And as I'll show, when you net it all out, they're no better off than Nebraska right now. So in looking at this, actually the state that would in total probably have the highest required total benefits would be Minnesota at $30,000/$60,000/$10,000. It's because of how their underinsured motorist coverage fits in that makes them a little higher. Coming in second would be Maine, Nebraska, North Dakota, District of Columbia, Kansas, and Vermont. So we're in second place with a few other states right now, overall, when you look at overall benefits that might be available to someone in an auto accident. Let's go to Exhibit B. This one is, I think, very important in that it shows how underinsured motorist coverage affects how much money will be available to pay for damages in the case of an accident. On the right side, there's a column of 30 states. These 30 states do not even require a person to buy uninsured motorist or underinsured motorist. So in those 30 states, if you don't want any of it, you don't have to have any of it. And in those states, all that's mandated is a minimum liability limit. If you go to the left side of the page at the top, you've got a group of 15 states that do mandate UM and UIM coverage. However, out of those 15 states, there are only 7 states that mandate underinsured motorist coverage as excess coverage to the liability coverage. The significance of that is, for example, in Nebraska we mandate excess. That means you have to buy $25,000 in liability coverage. You also have to buy $25,000 in underinsured motorist coverage. And consequently, in most accidents, there will be a pot of benefits available that equal $50,000. You've got 30 states don't have to get anything. The other mandatory states provide difference in limits UIM coverage which is not excess; works differently. So you can...from these two exhibits, Nebraska essentially is right at the top in terms of generally what is available when somebody runs into you--$50,000. Exhibit C: this is from Farmers Mutual loss experience. And this exhibit is just showing you all of the incurred losses per year, the number of claims associated with those incurred losses, the average incurred figure paid out on one of those claim files. It shows the median. And then the very last column is reflecting that out of those...all of those claim files, the total amount of money paid out in any one...in a claim file, in 92 percent of the cases, the amount paid out is less than $100,000. So, again, with our excess underinsured motorist coverage per person, you have $50,000 in benefits. Per occurrence, you have

$100,000. And, at least from our claim experience, at $100,000 per occurrence--in all of our claims and what we pay out in total--were covering 92 percent of what's out there right now. Exhibit D: this is a compilation of some rating...rate sheets from other insurance companies, and I've highlighted there how the rate increase will change from $25,000/$50,000 to $50,000/$100,000. I'm not going to go through those, you can see how that works. Exhibit E is a rating example. This is off of Farmers Mutual rates. And I just picked a mom and dad and two children. It's just kind of an average example, an average of the kind of risk we would see at Farmers Mutual; focuses on the family risk. We don't do...we don't insure very much high-risk kind of exposures. We like the typical family and that type of auto exposure. So you can see on this one, on the very front page I totalled it in there. For this family of four with four cars, for six months of coverage the added premium would be $79. On the next page, I've rated one of the vehicles with--let's see, who is that--with mom. For her vehicle, the increased cost is $11. The next page is dad. The increased cost is also $11. But then you get to the two teenage children, it's a little higher. For one of them, it's a $25 increase, and the other one is a $32 increase. And I've noted in the bottom boxes there, I've noted the actual dollar amount per coverage so you can kind of see how that added up. I didn't go out here and try to come up with a worst-case scenario. I just gave you an average thing of what's going on with our book of business. But I'd point out though that--and I know you appreciate this--obviously, a high-risk driver that's at $25,000/$50,000 is going to see a little bit different jump in the premium increase than this typical family of four. Finally, the very last exhibit is an article from an attorney in Wisconsin. Wisconsin in 2009 decided to do roughly what's being proposed here, and they raised the liability limits to $50,000/$100,000. I think they raised the UM, UIM to actually $100,000/$300,000. Well, the people of Wisconsin didn't like that. Two years later the legislature turned around and lowered it back down to $25,000/$50,000. Finally, I forgot to tell you, on Exhibit A, the very last state in that list, the state of Ohio, they just recently increased their minimum limits to $25,000/$50,000. They hadn't been changed since 1969. But my chart does not show that change, but I just wanted to clarify that so you know exactly what that amount went to. [LB80]

SENATOR GLOOR: Thank you, Mr. Dobler. Are there questions? Senator Carlson. [LB80]

SENATOR CARLSON: Thank you, Senator Gloor. And thanks for your report. As I've said, I didn't sell this kind of insurance and this is a little bit eye opening, especially Exhibit A. You look at the number of states that are close to where we are. You mentioned a little bit about Wisconsin. Do you have any further information? Why did they reverse it? What was their experience? What was happening? [LB80]

JAMES DOBLER: Well, I do, I have some. Actually American Family, their home office is in Madison and I have some colleagues that work there. And it's, I guess, pretty straightforward. People didn't like it. It...in a sense, when you raise the mandatory limits it's...it boils down to a regressive tax, generally, on those who can least afford it. And people were mad about it. They simply didn't like it. They didn't want the mandate, they didn't care for it, a lot of them at those minimum limits, can't afford it. That's what drove it. [LB80]

SENATOR CARLSON: So you think it was more dissatisfaction with the idea than results that they actually saw from a change? [LB80]

JAMES DOBLER: I do because you cannot draw any conclusions on making that kind of a change in two years. For it to have credible data upon which to change your rate, you need...number one, you need large numbers and you need a long string of years; three to five years. And if you have that, then you'll see the trend and then you'll know whether it's impacting up or down in terms of price. [LB80]

SENATOR CARLSON: And I didn't realize what states around us were doing, so that was helpful. That's on page one of your handout here, what they're doing. What's the distribution system for Farmers Mutual? [LB80]

JAMES DOBLER: Independent agents. [LB80]

SENATOR CARLSON: Independent agents. So you do depend on agents to sell the product? [LB80]

JAMES DOBLER: We do. In fact, we do entirely. We don't do any direct sale of insurance, it's all independent agents. We have about 300 agencies in Nebraska and about 1,100 agents all over the state. [LB80]

SENATOR CARLSON: Okay. Thank you. [LB80]

SENATOR GLOOR: Other questions? Seeing none, thank you. [LB80]

JAMES DOBLER: Yes, thank you. [LB80]

SENATOR GLOOR: Next opponent. [LB80]

JAN McKENZIE: (Exhibit 3) Senator Gloor, members of the Banking, Commerce and Insurance Committee, for the record my name is Jan McKenzie, spelled J-a-n M-c-K-e-n-z-i-e, testifying today in opposition to LB80 on behalf of the Nebraska Insurance Federation. I'm also having the page pass out a letter for your records from the American Insurance Association, as Tad Fraizer had to spend his day in Banking...Business and Labor today with some boiler issues. I just wanted to reiterate very briefly the concern about uninsured motorist increases under...William, I think that might be my page, sorry. We just wanted to reiterate our concern about the possibility of unintended consequences. For those of you who are new to the committee, this is probably one of the first years that we haven't had a bill that in some way tried to deal with uninsured motorists, because that is probably a bigger thorn in the side for more citizens than we would realize when folks out there choose to be irresponsible or can't afford to buy the mandatory limits of automobile insurance. Last week I was listening quite attentively to the hearings on LB405 and LB406. And on Wednesday I was struck by testimony from one of the folks from the Community Action of Nebraska Partnership who testified in opposition. But he gave some statistics that I just wanted to share with the committee. Their agency serves all 93 counties, and they provide services to 128,000 low-income individuals. They surveyed their agencies in May of 2012 with 10,000 randomly selected homes and found that in this survey about 1 in 5 respondents, 18 percent, reported that their employment incomes were insufficient to meet their needs. Of all employed respondents, 48 percent worked 40 to 49 hours per week and 24 percent worked at least 50 hours per week. And he said, likewise, the 2010 U.S. Census found that 78 percent of low-income Nebraskans were working at least full time and struggling to meet their basic needs. And I just wanted to provide some real stats to support the fact that there are those folks out there who are only able to buy at this level. And if we, in fact, make it more difficult for them, we may have forced them into a position to choose between my car insurance or my, what will now be mandatory, health insurance or my rent or food or other needs that the family may have. So with that, I would answer any questions you might have. [LB80]

SENATOR GLOOR: Questions? Senator Christensen. [LB80]

SENATOR CHRISTENSEN: Thank you, Chairman. Jan, do...I was just reading...of course, you haven't seen this, the paper off of Wisconsin when they was talking about anti-stacking clause where previously they had a stacking clause. Where do we have on our uninsured motorists, because what this clause is here is it's described in this paragraph, if you own two vehicles...in this example, the at-fault driver had $250,000. And then the owner that got hurt had two vehicles with $300,000 on them, and he was able to collect $850,000 on medical. It was a stacking, and now they have a anti-stacking clause. Is Nebraska stacking or anti? [LB80]

JAN McKENZIE: Senator, I can't answer that question for you. I can find out and respond to you, but I don't have that knowledge. [LB80]

SENATOR CHRISTENSEN: Okay. That would be great. I'd just like to know. I thought that was interesting in reading this paragraph and... [LB80]

JAN McKENZIE: I think tomorrow we'll talk about a bill that deals with some subrogation issues that I know exist relative to health insurance coverages, but I do not know about that in this regard. [LB80]

SENATOR CHRISTENSEN: Okay. Thank you. [LB80]

SENATOR GLOOR: Other questions? Seeing none, thank you. [LB80]

JAN McKENZIE: Thank you. [LB80]

SENATOR GLOOR: Other opponents? If you're going to speak in opposition, I would ask if you would come up to the front right now and sit down. That way if we have anybody else, we won't be spending quite as much time in transit. Good afternoon. [LB80]

BRIAN ROTHERY: Good afternoon, Senator Gloor and members of the committee. My name is Brian Rothery, that's Brian with an "i," Rothery is spelled R-o-t-h-e-r-y. I am here on behalf of the roughly 300 employees of Enterprise Holdings. Enterprise Holdings operates the Enterprise, Alamo, and National Car Rental brand. We've got roughly 3,600 vehicles here in the state of Nebraska at approximately 40 locations throughout the state. I've got a little bit of a different perspective that I thought would be informative to this debate. We've watched this bill over the last 6, 7-plus years with interest. We've always been opposed, but never took it upon ourselves to come down and talk to you all about what it means to us from our perspective. I had some prepared remarks, but I think the most efficient way to kind of jump in would be to cut right to the chase as to why it is we're opposed and where that opposition comes from. Basically, we're a self-insured company. I can't speak for all the other rental car companies operating in Nebraska, but I can tell you that by and large our industry more often than not, acts where the operators are self-insured. It isn't always the case, but it's typically the way that a rental car company operates. And so really, our opposition kind of rests in two main categories. First of all, as I mentioned, we have 3,600 vehicles floating around at this very minute on highways, side streets, some are parked. They're throughout the state of Nebraska. There's probably several that are also driving just passing through that were rented other places. And we, like those that also testified in opposition prior, we have a real concern that an increase to the basic coverage will exacerbate the number of uninsureds in Nebraska. I can't tell you exactly how many, but I can tell you we certainly don't believe it will help. And, you know, even though some might think that Nebraska is in good shape by comparison to other states with an 8 percent uninsured motorists--according to the Insurance Research Council which is a statistic that I've seen quoted as this issue has been debated around the country--you know, that might look good when you compare it to California, which is significantly higher. But just as I was driving in this morning, I was trying to imagine what 8 percent looked and felt like. And so I passed roughly 12 cars. I said, the odds are that one of those is uninsured. And, you know, that's a sizeable number. I encourage you to consider the same thing as you make your commute home this morning to think about what that means. And then consider yourself in our shoes where we've got 3,600 vehicles that might be parked or driving or whatever by one of our customers around the roads. And then think about what that difference in exposure might feel like. And so as it relates to that, it really is from the perspective of people who are driving around on the roads who don't have insurance, that aren't our customers, that may, in fact, hit our cars, you know, for one reason or another. So that's one concern. The other is from the perspective of our customers. So we have somebody that comes and rents from us. There was some consideration about what the effect the insurance might have on the premium for an auto...for an insurance provider. We're in a little different scenario. We don't actually have the ability to underwrite our customer when they show up at our door. They present a facially valid driver's license and a credit card, some means to pay, and off they go generally. As long as they don't appear to be in some state whereby it would be unwise to rent them a car, we turn over the keys. And so we don't really have any way of augmenting the rate for somebody that we think is a poor driver, a bad driver; everybody gets the same rate. We treat everybody the same as long as they possess, you know, the ability to rent a car which is driver's license and a means to pay. So we don't charge a higher premium or anything like that. Yet, if this bill were to pass, suddenly we'd be thrust into the position of basically potentially having to pay for double the amount that we are today, which has an effect on our business. I mean, you'd have to just take it as a truth, as it speaks for itself, in the sense that when we put a customer in a car, granted they may possess their own coverage which may or may not, you know, be valid--not valid--but may or may not apply to a particular accident. There are a number of instances where either because the customer doesn't possess their own insurance or the customer doesn't possess sufficient insurance, we have to step in, in their place. And when you double the amount that we're all of a sudden having to pay, that's going to have an impact on our business, it's going to have an impact on our overall operations. Some, but not all probably, of those costs will be passed on to consumers. And so I think it's important to think about that. And before I close, I always take this opportunity because I think there is a tendency on many to think about the car rental industry or the car rental customer as just one who flies in from out of town. And the fact remains that while that's generally true that people are flying in today in Lincoln and Omaha and other places, getting off planes and renting a car, a number of people in this community are renting for a number of reasons. They wrecked their car and they're, you know, getting a replacement while their car is being repaired or their car is in for warranty repair or they're taking Junior back to college and they need a cargo van to move the bed and box spring, etcetera, etcetera. So it has an effect beyond, you know, it has an effect that isn't just on out-of-state residents. There's people that rent cars here locally, and I think that's an important consideration. So I'll close there and I'd be very happy to receive your questions. [LB80]

SENATOR GLOOR: Thank you, Mr. Rothery. Questions? Senator Christensen. [LB80]

SENATOR CHRISTENSEN: Thank you, Chairman. You mentioned 8 percent uninsured motorists. Any idea how many of them are the illegals, because in this state you can't get a driver's license if you're illegal. So they either have to get an out-of-state driver's license and buy insurance out of state or they have to just drive illegally in this state. And it all comes down to feds don't do their job. But what percent would be those that can't get the insurance in the state, that are here illegally, that would make up that 8 percent? Do you have any idea? [LB80]

BRIAN ROTHERY: I don't. It's a good question, but I don't have any way of answering that. [LB80]

SENATOR CHRISTENSEN: I didn't figure you probably knew, but I also...I've got a number of friends that are illegals. They're here to work and don't have a driver's license, so I know they ain't got insurance. So it's kind of a...am I correct, you can't buy insurance if you don't have a driver's license? [LB80]

BRIAN ROTHERY: I don't know that actually. I don't know. [LB80]

SENATOR CHRISTENSEN: So I guess I should ask somebody that question or maybe somebody can tell me before they close. But, you know, there's always some cases where we have complicating issues stack and cause additional problems, so I was just curious. Thank you. [LB80]

SENATOR GLOOR: Other questions? Senator Carlson. [LB80]

SENATOR CARLSON: Thank you, Senator Gloor. Let's go back to Enterprise. I come in to rent a car from Enterprise. So you can't sell me the collision insurance? [LB80]

BRIAN ROTHERY: Well, so I'm going to be technical just because I'd probably get my hand slapped if I weren't. The collision insurance, as you refer to it, I believe we call a damage waiver, which is an agreement between myself and a renter that we won't hold you responsible if something happens to the vehicle that you're renting. As it relates to liability coverage, which is what the minimum financial responsibility limits apply to, that's dealt with one of two ways. Either the customer has insurance that is valid and applies or they don't. And in the case they don't, that's why as a self-insured entity, we maintain kind of the backstop for to make sure that the public policy aim of making sure that you don't have people out there without any sort of recourse, we step in. So... [LB80]

SENATOR CARLSON: That's what you self-insure? [LB80]

BRIAN ROTHERY: We self...yes, we self-insure for...from a liability standpoint, we are self-insured and that's how we handle that. We...yeah. [LB80]

SENATOR CARLSON: But you do sell collision? [LB80]

BRIAN ROTHERY: We sell collision coverage. So if I rent you the car and you cause damage to the car that happened...caused damage to our car that happened to be your fault, I'd just simply say, oh, you signed the waiver. It meant that you're not responsible and you hand me the keys and we agree to part paths. It's not really applicable to the liability coverage, it's more about what happens to our car. Now if you were driving our car and you were hit by somebody else and it was his or her fault, their insurance would step in and probably reimburse us for that or maybe it wouldn't. Maybe they were uninsured. Either case, if you bought the waiver, you wouldn't be responsible as it related to our car. [LB80]

SENATOR CARLSON: But you're willing to rent to me even if I don't have insurance? [LB80]

BRIAN ROTHERY: Correct. We have to. We don't... [LB80]

SENATOR CARLSON: You don't even check it? I don't think I'm asked that. [LB80]

BRIAN ROTHERY: Yeah. No, that's correct. You know, that...as we've talked about this issue in a number of different states, that comes up. It frankly even surprises people that we don't have a way of checking. There isn't even a...there's no way for us to check today, reliably so anyway, you know. If you think about the times and locations where a rental car transaction may take place, you know, there just isn't a method to verify insurance which is why we maintain the insurance. And that's, you know, ultimately the...you know, the aim is to make sure that the injured party has some recourse. And that's why we maintain the insurance to step in when our customer doesn't. If they don't happen to, then that's kind of just...that's part of the business, you know, that we have to accept part of that. [LB80]

SENATOR CARLSON: Okay. Thank you. [LB80]

BRIAN ROTHERY: Uh-huh. [LB80]

SENATOR GLOOR: Other questions? Seeing none, thank you for your testimony. [LB80]

BRIAN ROTHERY: Thank you. [LB80]

SENATOR GLOOR: Are there any other opponents? Anyone who would like to speak in a neutral capacity? Senator Schumacher, you are recognized to close. [LB80]

SENATOR SCHUMACHER: Thank you, Chairman Gloor and members of the committee. I was listening rather intently to the testimony to hear one thing that I did not hear. If we pass or don't pass this piece of legislation, it will make a difference on the number of accidents. It won't. The risk is the same. There will be the same number of people driving, the same chances that they will hit somebody, and the same losses with or without this legislation. Well, why do we have insurance then? We have insurance to spread the risk of those accidents. The risk is going to stay the same. Somebody is going to foot the bill. There is no free lunch. Now the question becomes how do we balance people just dropping their insurance entirely from having more adequate insurance? And the standard used is very simple. The same standard we used in 1983 or thereabouts. There's been no evidence that we've had higher rates of insurance as the proportion of insurance has dropped now to half, that there are twice as many people insured now as a function of the number of drivers. There's been no evidence saying that, well, the $3 or 3 percent increase in premium will cost so many people to drop their insurance. The reason the insurance companies appear not to want this is the same reason that health insurance companies would just as soon not insure somebody with a heart murmur. The people who don't have any money, the people who would be judgment proof in the event of an accident, they really don't want as customers. It's not because they feel sorry for them because it's a regressive tax. No, because that's where the risk is. The people with a lesser probability of having an accident have the $500,000 insurance. They have money to be able to rent a car. It's that population that is out there generating risk with no money. And the present system says, okay, when that risk becomes a loss, we would just as soon foist it onto the person that is hit in the accident, hoping that they will be carrying the underinsured or uninsured motorist coverage, as have that risk be born through the insurance system. We want to insure the cream, the easy money. And there's nothing wrong with that, that's just good business. But in the end, the risk has not changed. This bill changes the distribution of that risk. There's been no evidence presented at all that shows any correlation between a few dollars increase in premium and people dropping their insurance to any degree at all. The Wisconsin data doesn't show that. The Wisconsin data indicates that it was a political change and they were going to limit the number of...amount of insurance that could be covered and a whole lot of other things. But it didn't say Wisconsin ran the other direction because people suddenly became uninsured. We're just talking about distribution of risk and principles of insurance. We want to encourage more people to be insured and less disproportionate distribution of that risk, and we'll pass this bill. If not, we will continue to pass on it Christmas after Christmas after Christmas after Christmas, until the amount of insurance that we're requiring people to carry becomes virtually nothing because of inflation. And that's the decision for the committee. I'll take any questions. [LB80]

SENATOR GLOOR: Are there any questions for Senator Schumacher? Seeing none, thank you, Senator Schumacher. [LB80]

SENATOR PIRSCH: Chairman, I believe there was one question. [LB80]

SENATOR GLOOR: Was there? I'm sorry, Senator Crawford. [LB80]

SENATOR CRAWFORD: That's all right. That's all right. I was just going to go back to the 1983 decision. I don't know if you know the answer to this question, but do we have any sense that those rates were reasonable at that time? [LB80]

SENATOR SCHUMACHER: I don't have any sense. [LB80]

SENATOR CRAWFORD: Right. [LB80]

SENATOR SCHUMACHER: I would guess that they sound reasonable because they passed the Legislature. I seem to remember at one time they were like $10,000/$20,000 back in the '70s. I suspect that in the '80s and that period of time of '83, if I'm recalling right, we were undergoing a period of rather severe inflation at that time. And I think your interest rates were running like 15, 16 percent in that period of time. So my guess is the Legislature says, hey, you know, we're in a period of inflation. We should adjust for inflation. Now may be tougher times. We may rather take the risk of an inequitable distribution of that risk. I don't know. [LB80]

SENATOR CRAWFORD: Thanks. [LB80]

SENATOR GLOOR: Any other questions? This time I see none. Thank you, Senator Schumacher. [LB80]

SENATOR SCHUMACHER: Thank you. [LB80]

SENATOR GLOOR: And that will close the hearing on LB80. We'll now move to LB316. Senator Harr has been waiting patiently. Thank you, Senator Harr. [LB316]

SENATOR HARR: Chairman Gloor and members of the Banking, Commerce and Insurance Committee, thank you for having me back. My name is Burke Harr, H-a-r-r, and I represent the true midtown Omaha, the areas of Dundee and Benson, along with the neighborhood surrounding Creighton Prep--home of the 1986, '87, '88, and '89 state football champions. LB316 provides that prohibition on excluding coverage would apply to limiting, reducing, or otherwise altering the coverage solely because the injured person making a claim is the named insured in the policy or residing in a household within the named insured. LB316 recognizes that people should be able to receive the benefits of an insurance policy for which they are paying. Current law says that an automobile liability policy shall not exclude liability coverage solely because the injured person making a claim is the named insured or residing in the household of the named insured. LB316 would add that an insurance policy could limit or reduce or otherwise alter coverage because the person making the claim is the named insured or residing in a household with the named insured. For a little perspective or history, in 1994 the Nebraska Legislature prohibited insurance policies in Nebraska from including the household exclusion. The household exclusion is a policy provision that excludes from coverage anyone living in the household with the named insured. This means that a family member or other person residing with a driver who is the named insured on the automobile policy could not recover under the policy regardless of the driver's negligence. In 2009 the Legislature repealed the guest statute. The guest statute is a statutory provision which prohibits a person from recovering against a person related within two degrees by blood or marriage. This being said, if a man causes an accident by driving carelessly and his wife is injured, the wife would not be...would be unable to recover. However, if an individual male caused an accident driving recklessly with his girlfriend, the girlfriend would be able to recover. Again, the Legislature thought this was bad policy and repealed the same. What has occurred since that time is that some insurers, mainly out of state, are including provisions that limits coverage for persons residing with or related to the insured. For example, a person might have a policy providing $500,000 in coverage, which we discussed earlier, but the insurer includes a provision that says if the insured person...the injured person, i.e., the wife, is related to or residing with the named insured, the coverage is only $25,000. This thwarts the intent of the Legislature. I believe (LB)316 maintains the intent of the Legislature in repealing the guest statute and prohibiting household exclusions. I would ask that you advance (LB)316 to the floor, and I would happily entertain any questions you may, or preferably, may not have. [LB316]

SENATOR GLOOR: Are there any questions for Senator Harr, regardless of whether he would prefer them or not? Seeing none, thank you, Senator Harr. [LB316]

SENATOR HARR: Thank you. [LB316]

SENATOR GLOOR: Could I see a show of hands of those who would like to speak in favor, proponents? And those who are opponents? In a neutral capacity? I see only two hands up. Mr. Lindsay. [LB316]

JOHN LINDSAY: (Exhibit 1) Thank you, Senator Gloor and members of the committee. My name is John Lindsay, L-i-n-d-s-a-y, appearing on behalf of the Nebraska Association of Trial Attorneys. I think Senator Harr did a very nice job of laying out the issue. And that is the public policy has been evolving that we need to look at getting rid of some of those technicalities that are prohibiting coverage in some...that result in some kind of absurd results. This is one of those. The household exclusion that Senator Harr described, excludes people from living...that live in the household with you from recovering under a policy that others in very, very similar circumstances would recover. Example: Senator Gloor, if you were taking your son and your nephew to a baseball game--to a Little League game--and are negligent, your son could not recover, but your nephew could because they live in different households; not a result that makes a lot of sense. In the past...actually in the past, Senator Christensen has referred to it as the marriage penalty for car crashes. And that's true because under the guest statute--that he dealt with--under the guest statute, a wife could not recover, but a girlfriend could recover. And so there's that policy of some of these results is something that I think we're trying to avoid. In the past, some of the objection has been that there would be more collusion, that because people live together they apparently can collude more than people who don't live together. I think that ship has kind of sailed. I think the Legislature has, over the course of years in repealing both the household exclusion and the guest statute over the years, has said, don't think so. And, frankly, I think that's what most of the research would tell you. So we get to how do we continue this policy that the Legislature has adopted of providing that coverage? Senator Harr mentioned the reduction is what's being done now; exclusions--not the exclusion altogether--but reducing that coverage for someone who resides in the same household. That, while you may have a $250,000 coverage, that gets reduced to $25,000 if related to the named insured. If you look at the documents that I had passed around, you'll see what this is, is a denial letter or a reduction letter from an insurer to a claimant or a claimant's attorney that talks about...describes how this reduction comes into play. And if you look on page...the last page of the document and beginning at the bottom prior to that, you'll see a whole bunch of exclusions. I would argue that not many people out there who are buying auto insurance understand all these exclusions and what they mean. There are listed there 17 different exclusions for certain areas. Number 11, if you look at it, is an exclusion because you're a relative of the named insured. We would argue that that's maybe not in...at least within the spirit of what the Legislature has done. We think LB316 does have...does contain that spirit of what the Legislature's policy is, and we would urge that the bill be advanced to the floor. And I'd be happy to try to answer any questions. [LB316]

SENATOR GLOOR: So, Mr. Lindsay, year by year, bit by bit, we're trying to get rid of the exclusion model. Is that a safe assumption? [LB316]

JOHN LINDSAY: Yes, that's fair. [LB316]

SENATOR GLOOR: And there were no hands raised, at least at the time I asked, of anyone in opposition? Why is it that you would guess the insurers are no longer in opposition? [LB316]

JOHN LINDSAY: Well, we're familiar with, frankly, only two insurers who have done this. I believe the bulk of insurance insurers have not adopted these provisions. Therefore, if they don't have any plans to do so, then they may not be in opposition. [LB316]

SENATOR GLOOR: And I won't be able to put words into your mouth--I know you well enough--but it sounds to me what I'm hearing is this isn't a big problem now, but we want to make sure that no bad players who might come into the state try and take advantage of either the market or self-coverage that puts us in this position of exclusions again. [LB316]

JOHN LINDSAY: I think you put words in my mouth, and I accept that. Yes. [LB316]

SENATOR GLOOR: Okay, thank you. Other questions for Mr. Lindsay? Senator Carlson. [LB316]

SENATOR CARLSON: Thank you, Senator Gloor. As these exclusions are removed in the overall concept of insurance and in sharing of risk, then there will be more damages paid, right? [LB316]

JOHN LINDSAY: More damages paid? [LB316]

SENATOR CARLSON: Yes. [LB316]

JOHN LINDSAY: Yes, not more damages occurring. [LB316]

SENATOR CARLSON: No. But more damages paid. [LB316]

JOHN LINDSAY: Yes. [LB316]

SENATOR CARLSON: So if more damages are paid, premiums have to go up. [LB316]

JOHN LINDSAY: That would be true. [LB316]

SENATOR CARLSON: But I don't see anybody here opposing this. [LB316]

JOHN LINDSAY: I doubt that the numbers that we're talking about would be significant enough to drive rates up because I don't think these situations occur large enough within that larger insurance pool to drive up rates to...by any significant level. [LB316]

SENATOR CARLSON: Well, it'll be interesting to observe. This could be one of those bills that if it is advanced, then we'll all get called out to see--not you, but some others--as the debate starts. But I'm surprised that there doesn't appear to be opposition to this. But that was all. Thank you. [LB316]

SENATOR GLOOR: Other questions? Seeing none, thank you, Mr. Lindsay. [LB316]

JOHN LINDSAY: Thank you. [LB316]

SENATOR GLOOR: Next proponent. [LB316]

MICK MINES: Mr. Chairman, members of the committee, my name is Mick Mines, M-i-c-k M-i-n-e-s. I'm a lobbyist for NAIFA-Nebraska. We're an association of insurance and financial advisors. I won't cover any of the ground that's already been covered. We are in complete support of LB316 for all the reasons that Mr. Lindsay and Senator Harr have outlined, and if there comes to...if they start calling you out, Senator, we will be there to help you defend. And I'll answer any questions you might have. [LB316]

SENATOR GLOOR: Any questions for Mr. Mines? Senator Crawford. [LB316]

SENATOR CRAWFORD: Thank you. And thank you for your testimony. Do you have any sense of a percent or number of policies that have this provision? [LB316]

MICK MINES: No, I'm sorry. I don't. I don't. [LB316]

SENATOR GLOOR: Other questions? Yes, Senator Carlson. [LB316]

SENATOR CARLSON: Thank you, Senator Gloor. Senator Mines, you're here representing agents by and large, correct? [LB316]

MICK MINES: I am. [LB316]

SENATOR CARLSON: Good. And I'm a little surprised why NAIFA steps in on this one. [LB316]

MICK MINES: Well, as Mr. Lindsay had covered, I think that we see that it's time to...that some of these exemptions go away just simply because it's the right thing to do. [LB316]

SENATOR CARLSON: Okay. Thank you. [LB316]

SENATOR GLOOR: But, Mr. Mines, I think what I also heard from Mr. Lindsay were the words that I tried to put in his mouth, was that this isn't much of an issue anymore with most insurance policies that are out there... [LB316]

MICK MINES: That's right. [LB316]

SENATOR GLOOR: ...that we have a few bad players--if you want to use that term--who may, in fact, still have this component of the exclusions still built in. And so this is preventative as much as anything. [LB316]

MICK MINES: Correct. [LB316]

SENATOR GLOOR: Okay. [LB316]

MICK MINES: Correct. [LB316]

SENATOR GLOOR: Other questions? Thank you, Mr. Mines. [LB316]

MICK MINES: Thank you. [LB316]

SENATOR GLOOR: Any other proponents? Opponents? Anyone who would like to speak in a neutral capacity? Senator Harr for closing. [LB316]

SENATOR HARR: Chairman Gloor and members of the Banking, Commerce and Insurance Committee, thank you for listening to testimony today. As you've heard, this is good public policy. We, as a policymaking body, decided long ago--well, unfortunately not that long ago--1994 and 2009, that we did not want these exclusions. Now what they couldn't get through the front door, they're trying to get through the back door. And that is, they're trying to thwart the purpose of this legislation which is good policy, which is pro family, which says if you have someone in your family...we want to encourage people to get married. And what this says is, if you have your girlfriend in the car, there's an incentive not to get married because she won't be protected, but your wife is...would not be. Girlfriend protected, wife isn't. That's not good public policy. So what we're trying to do, again, this is legislation...we've already said what we want and what we think the policy should be. They're trying to find a backdoor way where they say, okay, yeah, yeah, yeah, wife is still protected, just not as much. And that's not what we want, and that's not what the intent of the original legislation was. So with that...and, as you'll notice, on just the previous bill the insurance agencies or companies were here. And that was about automobile insurance, and they spoke out against it. And they are afraid that it might cost more money. They're not here, they all walked out, they left. So I think that tells you they understand the importance of this policy that we, as a body, have set. So with that, I would ask that you please pass LB316. Thank you. [LB316]

SENATOR GLOOR: Other...are there any more questions for Senator Harr? Senator Carlson. [LB316]

SENATOR CARLSON: Thank you, Senator Gloor. We looked back at these exclusions. I don't know if you got that material that was handed out? [LB316]

SENATOR HARR: I do. It was handed to me. I haven't had a chance to read it, but yes. [LB316]

SENATOR CARLSON: The 17 exclusions--and I'm not going to talk about any one of them in particular--but there's a list of 17 exclusions here. [LB316]

SENATOR HARR: Uh-huh. [LB316]

SENATOR CARLSON: And the spirit of this bill is to get rid of some of these exclusions.

And you kind of used the terminology, it's the way a company of good repute would operate anyway. They would not pay attention to these exclusions. [LB316]

SENATOR HARR: Okay. [LB316]

SENATOR CARLSON: Good companies don't pay attention to these...good companies don't try to get out of paying legitimate claims. [LB316]

SENATOR HARR: I'd agree with that. [LB316]

SENATOR CARLSON: Of this material that was handed out, there was no attempt to cross out the name of the company, which is kind of interesting. That's all I have to say. [LB316]

SENATOR HARR: Okay. Thank you. Any other questions? [LB316]

SENATOR GLOOR: Other questions? Seeing none, thank you, Senator Harr. [LB316]

SENATOR HARR: Thank you. [LB316]

SENATOR GLOOR: And that closes the hearing on LB316. We'll move to LB133, and welcome Senator Hadley from his hard work in the Revenue Committee, although I know that committee isn't up today. [LB316]

SENATOR HADLEY: No, I got grilled on TEEOSA, so it's a lot more fun to be here. Anyway, thank you, Chairman Gloor, members of this distinguished committee. My name is Galen Hadley, that's G-a-l-e-n H-a-d-l-e-y, I represent the 37th District which is Kearney and part of Buffalo County. When someone borrows anything from someone else at no charge, I believe the expectation of both parties is that it will be returned in the same condition as it was when borrowed. If your neighbor borrows your vehicle, you expect to get it back without incident. Unfortunately, accidents sometimes happen and the expected results can change. In the case of a loaned motor vehicle, there is an additional complicating issue. The owner of the loaned vehicle will have insurance that will cover while the vehicle is being driven with permission. If the driver of the loaned vehicle has insurance on his own vehicles, normally that driver's insurance will also cover the borrowed vehicle. Both parties have paid for and have contracted for coverage. Both parties have insurance that can pay claims. I believe that the public expects that if someone borrows a vehicle and negligently causes an accident, the negligent driver's insurance policy will cover the loss. If the driver does not have insurance or doesn't have enough insurance, then the owner's policy is expected to pay. This seems only reasonable. Between the owner of the vehicle who did nothing and the driver who caused the loss, common sense demands that the one person causing the accident ought to be looked at, at first to pay for the loss. Surprisingly, there is a recent court case in Nebraska that delivered the opposite result. I believe the better public policy in Nebraska is for the driver's coverage to be the primary and the owner's policy to be second. When there are two policies and both provide coverage, it is understandable that one should be first and the other second. Currently, there are two lines of cases in Nebraska, some of them holding that the driver's insurance policy is primary and some of them holding that the insurance policy...owner's insurance policy is primary. This bill was brought to me by the Nebraska New Car and Truck Dealers Association in an attempt to have the Nebraska Legislature clearly state public policy and establish the law in these cases. As you know, many car dealers provide free service loaners to customers while the customer's vehicle is at the dealership for service. In fact, some of the manufacturers require the dealers to do so; the dealer has no choice. The bill is necessary because the insurers on both sides of these cases have been attempting to draft complicated policy changes in order to make the other insurer first and their own policy second. The courts refer to these policy provisions as mutually repugnant. Both policies cover the loss, but each says the other has to go first. The courts, insurers, and the public need a clear statement of public policy to clear up which policy pays first. Sometimes the insurance company might insure the owner and sometimes the same company might insure the driver. Thus, either way, having the owner primary or driver primary will probably average out for insurance companies, yet there will be a different result for the owner of the vehicle. When there is an insurance claim, someone's rates are going to go up. The insurer that is paying for the loss will obviously raise the rates for their insured. In the case of a loaned vehicle, depending on which policy is primary, either the negligent driver rates will go up or the innocent owner's rates will go up. What could be more unfair to the innocent owner's rates going up when the driver caused the loss. This bill deals only with free service loaner vehicles. It does not require anyone to purchase any additional insurance coverage, it does not diminish any insurance coverage, both policies remain in effect. It only clears up which policy pays first and which policy pays second. It only applies to free loaners--service loaners--by dealers to customers. It allows the insurance coverage to follow the negligence. It only applies when policy language is mutually repugnant. Either the negligent party or the owner should be first. We must pass this bill to settle this law. I would be happy to answer any questions you might have regarding this bill. [LB133]

SENATOR GLOOR: Thank you, Senator Hadley. Are there questions? Senator Pirsch. [LB133]

SENATOR PIRSCH: Can you just kind of retouch on in the case of kind of a different paradigm when you're, say, renting a vehicle from, say, Enterprise--the gentleman who was just up here. How does that...what's the paradigm in there in terms of the owner? [LB133]

SENATOR HADLEY: That, to my understanding, Senator Pirsch, and having rented that paradigm...rented cars, I believe that the rental company shifts the burden to the person who rents the car. And you could... [LB133]

SENATOR PIRSCH: By contract, you mean? [LB133]

SENATOR HADLEY: Pardon me? [LB133]

SENATOR PIRSCH: By contract that you signed? Without the... [LB133]

SENATOR HADLEY: By contract. The contract you signed that says you will pay...and you can either buy insurance through the rental company, your credit card may cover it, or your own personal insurance may cover a rental vehicle. [LB133]

SENATOR PIRSCH: Yeah. [LB133]

SENATOR HADLEY: But by contract, they have shifted that to the person who rents the car. The second difference is also this is a contractual relationship because the car is being provided and money is being paid for that service. I'm talking about where it's a free exchange. The dealer is providing the car, a loaner, to the customer for free. The customer pays nothing to get the loaner. [LB133]

SENATOR PIRSCH: Could you, I guess...why couldn't you accomplish the same thing by just sign here, we'll give you a free car? Can you kind of talk about that, how big of a problem that would be to the industry? We'll be happy to give you a loaner, but just sign here that just says that you acknowledge that you are now taking responsibility. [LB133]

SENATOR HADLEY: Senator Pirsch, I can give you--I'm not an insurance expert--but I can give you what my thoughts on that would be... [LB133]

SENATOR PIRSCH: Okay. [LB133]

SENATOR HADLEY: ...that I'm not sure you can sign a statement that negates the ability for your insurance company that has the policy on your own car that changes that relationship that you have with that insurance company. Does that...that you have a...the dealer has a relationship with his or her insurance company. [LB133]

SENATOR PIRSCH: Uh-huh. [LB133]

SENATOR HADLEY: ...and you, the borrower, has a relationship with your insurance company. [LB133]

SENATOR PIRSCH: Right. [LB133]

SENATOR HADLEY: And I'm not sure you can sign a statement to the dealer that says my insurance company will pay for this loss if that isn't what it says in your policy. Now, I could be wrong, but that's my intuitive guess. [LB133]

SENATOR PIRSCH: Okay. Thank you. [LB133]

SENATOR GLOOR: Other questions? Senator Carlson. [LB133]

SENATOR CARLSON: Thank you, Senator Gloor. Senator Hadley, this is a very narrow bill, isn't it... [LB133]

SENATOR HADLEY: That's correct. [LB133]

SENATOR CARLSON: ...in terms of it doesn't cover very many instances, only those in which a dealer gives you or me a car to drive while they're working on our vehicle. [LB133]

SENATOR HADLEY: That's correct, sir. [LB133]

SENATOR CARLSON: And I really think the principle ought to be widened, but I understand why it's so narrow here and I support the bill. Thank you. [LB133]

SENATOR HADLEY: Okay. Thank you. [LB133]

SENATOR GLOOR: Other questions? Thank you, Senator Hadley. Are you going to close? [LB133]

SENATOR HADLEY: You sure you want me? I'd just as soon stay here as go back and answer questions about TEEOSA. And I'm going to waive closing. Thank you. [LB133]

SENATOR GLOOR: All right. Thank you. Can I see a show of hands of those who wish to testify today? I just see one. Mr. Todd. [LB133]

LOY TODD: Senator Gloor, members of the committee, my name is Loy Todd, that's L-o-y T-o-d-d. I am the president and legal counsel for the Nebraska New Car and Truck Dealers. I first want to thank Senator Hadley for introducing this bill for us. I will not repeat all of his testimony. I thought he described the reason for the bill and its impact very well. As a practical matter, I can tell you that my...I've gotten so many calls on this issue in the past couple of years. As the senator indicated, there are two lines of Nebraska Supreme Court cases that have followed these types of cases on service loaners or other loaners from dealers. And surprisingly enough, the line of cases holding that the owner's or the dealer's insurance was primary don't refer to the other cases where the driver's insurance was primary. And, likewise, those cases holding that the driver's insurance was primary don't refer to the others either. The latest Supreme Court case was in our favor, actually. And so we would point to that and say, well, here's where we're headed. The dealer's insurance would be secondary. But then this Court of Appeals case came along, talked about both lines of cases, and then, stunningly, to us, on identical facts to one where the driver's insurance policy was held primary, it reversed that lower court decision and failed to follow the Supreme Court and took it the other way. Now, what the court said there was this would make simplicity among insurers. I don't think that ought to be the goal of the law, to create simplicity among insurers. The theory was, just so we know an answer. And we sort of feel that way also, but we'd just as soon have the right answer because the one party in that court case that ended up holding the bag was the owner whose insurance rates go up. And that's what's driving my dealers crazy. They loan these vehicles, some of them because it's a good business practice in their community or a competitive advantage or simply they have good customers, loyal customers, and want to take care of them. But worse is, there are many manufacturers that require the dealer to provide a service loaner for free. And in those cases when...and occasionally they get wrecked. People drive them into their garage or they run over a bicycle or they...there are a lot of things that happen. And we think that the burden ought to follow the negligence and the liability. There are two pools of money available to pay for this loss, and the one that ought to be tapped first is the negligent party. That's our strong feeling. I have...thank you, Senator Carlson, I have drafted this as narrowly as we can. We're not trying to interfere with anybody else's world, we're simply trying to solve a problem that we have and have narrowly drafted this bill to do that. I want to address a question that you asked, Senator Pirsch, and Senator Hadley got it right. We have tried to draft our way out of these things. We have tried to get the customer to sign an agreement that said my insurance will go first. Well, that customer can't bind his insurance company to go first. They're either going to or they're not going to, and I...none of us have the authority to bind our carrier either way. And since it is not really...our only contractual relationship with that customer, surprisingly enough, is we make them promise to bring it back. You'd be surprised how often you have to go get it. So part of the contractual provisions that I draft for the dealers to use is saying, you can use this, but you have to come back and you have to bring our car back and take your own again. So that's our only hope in that regard. So I would with that, answer any questions anyone might have. [LB133]

SENATOR GLOOR: Are there questions? Senator Pirsch. [LB133]

SENATOR PIRSCH: Well, and thank you for that explanation. So with the Enterprise, the rental car type of scenario then, I take it they're also not in a position where they can have a waiver where the customer says, I agree when I rent this car, to bind...is that why you have to take out insurance then, with...how does that work within the rental car aspect if you can't bind within the car loaner world? [LB133]

LOY TODD: Okay. I don't want to get too far into their world because... [LB133]

SENATOR PIRSCH: Sure. [LB133]

LOY TODD: I happen to know about it... [LB133]

SENATOR PIRSCH: Yeah. [LB133]

LOY TODD: ...but only because I've read all these silly cases. In that situation...remember, in Nebraska, the owner of a vehicle must have insurance on it whether they're a car dealer, a private party... [LB133]

SENATOR PIRSCH: Uh-huh. [LB133]

LOY TODD: ...a car rental agency, or whatever. They have...so there is insurance in those cases. [LB133]

SENATOR PIRSCH: Uh-huh. [LB133]

LOY TODD: The rental company then decides how do we want to handle that additional risk of loss? And what they have chosen to do through the years, is to have you either....require you to buy insurance, or a collision damage waiver where they basically are self-insuring, or come up with some other contractual relationship on an arm's length basis to work with the consumer to resolve that issue. And they have everything...they have every option available to them such as raise prices or--which they don't like to do... [LB133]

SENATOR PIRSCH: Yeah. [LB133]

LOY TODD: ...because it makes them noncompetitive in other arenas--or have you contract to buy their coverage. They could even make you prove that you do have coverage that adds them as an additional insured, but that's just too complicated in those situations so it doesn't work. Now I will say this, my dealers--some of them--have elected to, rather than give free service loaners, actually have a car leasing agency or rental agency within the dealership. Some even have an Enterprise... [LB133]

SENATOR PIRSCH: Uh-huh. [LB133]

LOY TODD: ...booth, if you will, in their dealership to take...to do some of that kind of business. But it's just a method of practice. Unfortunately for us--that's why I've made it so narrow--it's only for free service loaners. The day we charge a dime or enter into a rental agreement, this bill has no impact whatsoever and we go back to the negotiated relationship that we have with the public at this point. [LB133]

SENATOR PIRSCH: And I'm...that's a good...I think you bring up a good point. Does it...do you remember...oh, here it is. Is it "occurs without financial"...this is the language in which you express the difference, right? On line 23, "which occurs without financial remuneration in the form of a fee or lease charge paid directly." Okay. So it's probable that in the car-rental aspect they just build that self-insurance right into the lease price or ask...in many cases, there's a lot of...you're probably dealing with customers who are willing to pay a little bit...you know, last time I leased, a little bit more on top to have better coverage. So...well, thank you, appreciate it. [LB133]

LOY TODD: They have those options. I want to point out, the language in the back about paid for by another source, I just wanted to be on record as explaining that a little bit. We are talking about free regarding the relationship between the customer and the dealership only. There are different practices out there. For example, General Motors might make some vehicles available to the dealer at a reduced charge when they require them to provide them with service loaners or there may be a service contract or a warranty between the manufacturer and the dealer that provides a rental car. And we don't want anyone to claim that that takes it out of the free category, that those kinds of discounts or relationships don't take it away from being free. The only place we're looking for free is what you, as a customer, pays to the dealer in order to get that loaner car. [LB133]

SENATOR GLOOR: Mr. Todd, I'm sure each community and each group of dealers and the competitive nature of car sales within communities can vary, but it would be my experience that loaner cars aren't very common anymore. Maybe some high-end dealers but after that--not to name name brands--but after that, it's hard to get a loaner car. Isn't that a fair representation? [LB133]

LOY TODD: I think that's totally accurate for today's market. And it's really the luxury brands that are compelling the dealers to do it. And it is a small...usually a small town, surprisingly enough, or selective. There are some customers who are better than others. And so...but I can tell you that a concern we always have is, there are trends. Things catch on in our industry. All of a sudden, somebody who is providing service loaners is doing better than somebody else then...I represent a group that deals with manufacturers that are more like lemmings and they will follow each other anywhere. And so that's the cycle. Who knows what happens two years from now? [LB133]

SENATOR GLOOR: Okay. Other questions? Senator Carlson. [LB133]

SENATOR CARLSON: Thank you, Senator Gloor. I support what's being done here, but I do have a question. So if this becomes law and the local dealer that I go to has a couple of loaners--they're not anything to brag about. So if I take my car in and I use their loaner and it turns out that it's got faulty brakes and the first stop sign I come to the brakes don't work and I T-bone somebody, should that be my insurance? How would that be treated? [LB133]

LOY TODD: If those are the facts of the case, it won't be your insurance. This has nothing to do with changing liability. And in that case, where it's the dealer's vehicle and they failed to maintain it and their failure caused the accident, they would be liable and their insurance would come into play. And so that's one of the nice things about at least this bill, as far as I can see, we're not changing anything about liability. We're not shifting anything to anybody else. The facts will dictate who is negligent and the liability will be there. And the policy that is owned by the negligent party, whether that be the dealer in the case of your brakes or by the driver who was texting and drove over the bicycle, would come into play. So what we want is what I think the public's expectation is, and that is that the insurance will follow the negligence. [LB133]

SENATOR CARLSON: Okay. Thank you. [LB133]

SENATOR GLOOR: Any other questions? Seeing none, thank you for your testimony. [LB133]

LOY TODD: Thank you. [LB133]

SENATOR GLOOR: Any other proponents? Opponents? Neutral capacity? And Senator Hadley waived, so that closes the hearing on LB133 and that ends our hearings today. [LB133]