

One Hundred Sixth Legislature - Second Session - 2020

Introducer's Statement of Intent

LB1024

Chairperson: Senator Matt Williams

Committee: Banking, Commerce and Insurance

Date of Hearing: February 24, 2020

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 1024 amends the Intergovernmental Risk Management Act. It would allow for more oversight of risk management pools by the Nebraska Department of Insurance and provide an operative date of January 1, 2021.

Some issues with certain risk management pools have exposed deficiencies in the current law to provide adequate oversight for the best interests of member public agencies and taxpayers.

LB 1024 includes four main provisions to implement reform recommendations based on the testimony of the director of the Nebraska Department of Insurance on LB 573 (2019).

First, the bill would require risk management pools to be subject to the Unfair Insurance Trade Practice Act.

Second, it would require risk pools to elect members of the board of directors from member public agencies and to add to their plan of management the means by which such members will be elected or removed.

Third, the bill would allow the Department of Insurance to dissolve a risk management pool, pursuant to the Nebraska Insurers Supervision, Rehabilitation, and Liquidation Act, if the director finds just cause not to renew a certificate of authority.

Finally, the last provision would allow the Director of Insurance to issue corrective orders for noncompliance with the Intergovernmental Risk Management Act, and removal of members of the board of directors or executive management if they do not comply with the corrective order.

Principal Introducer: _____

Senator Robert Clements