

March 21, 1979

LB 52

SPEAKER MARVEL: Well, we may have to proceed to a Call of the House which I hesitate to do but there are two committees out. That is one of our problems. Senator Murphy, do you wish to speak to the motion to advance the bill?

SENATOR MURPHY: Yes, following up a little bit on what Senator Fowler said and understanding or thinking I understand, that this is really a legal Blue Cross proposition, it is capitalized at what, Senator DeCamp?

SENATOR DeCAMP: Well, let's see here.

SENATOR MURPHY: Most insurance companies have to capitalize at either a half a million or a million.

SENATOR DeCAMP: \$150,000.

SENATOR MURPHY: \$150,000...

SENATOR DeCAMP: But there is an allowance for the director to reduce the \$150,000 on a case by case basis determined by the nature and number of the insured and the means to providing services.

SENATOR MURPHY: Going back to what Senator Fowler was saying about assessment or use of the fees, if that \$150,000 in capital proves to be inadequate and I have contracted for legal services, you nevertheless must produce them and accordingly I believe you would have to assess the attorneys who are in fact, a part of that group, would you not and under that circumstance you could proceed against an attorney who was a member and require additional funds?

SENATOR DeCAMP: Senator Murphy, normally the minimum financial requirements for insurance companies are generally, if it is a stock company, about \$500,000 capital and \$500,000 surplus. If it is a mutual, \$500,000 surplus but the financial requirements or so the argument goes in this issue, the financial requirements should be determined by the riskiness of the individual operations. Flexibility should be allowed for a small specialized legal insurance corporations and the argument is that the risk just is not great because of the difference in scale and provider contracts that characterize most legal service insurance corporations. As I say, this approach is patterned after one of two alternative model acts adopted by the National Association of Insurance Commissioners.

SENATOR MURPHY: I simply wanted to develop what Senator