

that then we have a post-assessment situation in which that broad base of insurance companies out there, in the case of the life and health companies over...well there must be over 1,000 companies out there, are then assessed on a prorata basis to take care of that shortfall, if that helps.

SENATOR CHAMBERS: Okay, now are they trying to give to the policyholder what the policyholder would have been entitled to had the company not gone under?

SENATOR BARRETT: Under the bill, as it is presently written, there would be a cap of \$300,000 on life, yes, on life, and \$100,000 on the annuities and so forth.

SENATOR CHAMBERS: So the fact is really that it does not guarantee to the policyholder what the policyholder bargained for, perhaps...

SENATOR BARRETT: If that policyholder had a policy for \$1 million, you are absolutely right. In the case of a \$50,000 policy, it would be paid in full. Yes.

SENATOR CHAMBERS: So should, perhaps, a different word than guaranty be suggested, or something to indicate that this is to mitigate the damage that a policyholder may suffer if he or she would be entitled to a greater amount than the cap under this bill, so they won't get the impression that the aim of this bill is to situate them just as they would be situated had not the company, which insured them, gone under?

SENATOR BARRETT: Well, I think one of the underlying purposes of the bill, Senator Chambers, is to mitigate that liability. There is no question about it. As I stated earlier on this floor, I have no particular problem with changing the name of the association, if that is your desire. I have great exception to change it to something line in Lieu of Tax Bail Out, or whatever that ridiculous amendment was.

SENATOR CHAMBERS: Just a minute, Senator Barrett, let me recollect, regroup. If this bill were to be read by a person, not conversant with the ins and outs of the insurance industry, such as myself when I glanced at it yesterday, and probably the little reading that I did yesterday would be more than a policyholder would do in