

May 6, 1985

LB 653

is going to object. I wonder if Senator DeCamp would respond to a question please. Senator DeCamp, on the section dealing with bonds, first of all, I am not that familiar with the terminology with bonds. Could you tell me briefly the difference between a surety bond and a fidelity bond because you are changing it from a surety bond to a fidelity bond?

SENATOR DECAMP: Same thing.

SENATOR VICKERS: There isn't any practical difference in other words?

SENATOR DECAMP: No.

SENATOR VICKERS: Okay. Also under the old statute, the bond named the bank and the State of Nebraska jointly as the obligee. Now you are taking that language out that names the state. What is the practical effect of that?

SENATOR DECAMP: Okay, that gets us to the next amendments so I might as well mention it. At the present time and going back for I guess a trillion years, the system has been that the State Banking Department would be named receiver. I feel and I think the Banking Director agrees, and I think a lot of other people may agree now, too, that it becomes an impossible and intolerable situation for the State Banking Department to be the receiver in one of these situations because it puts them in a hopeless, in my opinion, conflict of interest situation. How can you be battling the Department of Banking as has been occurring and advocating that something was done wrong by them when you are the department and when you are in a sense the very government or an agency of the government you are claiming did wrong. So this new provision that I am going to offer in the next amendment would allow someone other than the Banking Department to be named as receiver. Therefore, the language you are speaking of simply meshes with that because I guess I am anticipating to be able to get that amendment adopted, therefore, wanted this bonding language to mesh with that.

SENATOR VICKERS: Well, Senator DeCamp, if your second amendment is not adopted, then do we have a problem in that there would be nobody backing up...

SENATOR DECAMP: Not at all, sir, no. Absolutely not.