

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION -
2008**

COMMITTEE STATEMENT

LB1045

Hearing Date: February 12, 2008

Committee On: Banking, Commerce and Insurance

Introducer(s): (Pankonin)

Title: Change provisions relating to coverage changes in property and casualty and automobile liability policies

Roll Call Vote - Final Committee Action:

Placed on General File with Amendments

Vote Results:

7	Yes	Senators Carlson, Christensen, Gay, Hansen, Pahls, Pankonin, Pirsch
0	No	
0	Absent	
1	Present, not voting	Senators Langemeier

Proponents:

Senator Dave Pankonin
Thomas Farrell
Andy Bassett
Coleen Nielsen

Representing:

Introducer
Self
Independent Insurance Agents of NE
NE Insurance Information Service

Opponents:**Representing:****Neutral:**

Korby Gilbertson
Ted Fraizer

Representing:

Property Casualty Insurers Assn of America
American Insurance Assn

Summary of purpose and/or change:

LB 1045 (Pankonin) would enact a new section to provide that if an insurer reduces or eliminates any coverage in or introduces a more restrictive condition as part of a property and casualty insurance policy prior to renewal, not at the request of the policyholder, the insurer shall send to the policyholder a printed notice explaining clearly what coverage has been reduced or eliminated or what condition has been restricted. The bill would provide that if the policyholder does not receive the notice, the reduction or elimination of coverage or restrictive condition shall not become part of the policy, except that it shall be conclusively presumed that a policyholder received the notice if it was sent by first-class mail to the policyholder's last-known address in the policy.

The bill would provide that the notice shall be sent to each agency that holds an agency contract with the insurer.

The bill would provide that it does not restrict the right of the parties to amend a policy during its term but not during the renewal process pursuant to an endorsement if requested by a named insured.

The bill would provide that its provisions shall be codified within Chapter 44, article 5.

Explanation of amendments, if any:

The committee amendments (AM1819) would become the bill and would make the following changes in the bill:

- The committee amendments would clarify terminology by changing the use of "policyholder" to "named insured" or "insured."
- The committee amendments would provide that the notice of reduction or elimination of coverage or restrictive condition may be in an

electronic as well as a printed form and may be sent by email as well as by first-class mail to the named insured and the agency.

Senator Rich Pahls, Chairperson