

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 188
FINAL READING

Introduced by Mines, 18

Read first time January 9, 2007

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to motor vehicle service contracts; to amend
2 section 44-3522, Revised Statutes Cumulative Supplement,
3 2006; to eliminate a notice requirement; to repeal the
4 original section; and to declare an emergency.
5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-3522, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 44-3522 No motor vehicle service contract shall be
4 issued, sold, or offered for sale in this state unless:

5 (1) The motor vehicle service contract provider is
6 insured under a motor vehicle service contract reimbursement
7 insurance policy issued by an insurer authorized to do business in
8 this state;

9 (2) True and correct copies of the motor vehicle service
10 contract and the motor vehicle service contract reimbursement
11 insurance policy have been filed with the director; and

12 (3) The contract conspicuously states:

13 (a) That the obligations of the motor vehicle service
14 contract provider to the service contract holder are covered under
15 the motor vehicle service contract reimbursement insurance policy;
16 and

17 (b) The name and address of the issuer of the motor
18 vehicle service contract reimbursement insurance policy. and

19 ~~(4) The service contract, or a separate form provided~~
20 ~~with the service contract, shall contain the following notice in a~~
21 ~~conspicuous place as determined by the Department of Insurance:~~

22 "NOTICE OF RISKS - Neither the motor vehicle service
23 contract nor the motor vehicle service contract reimbursement
24 insurance policy are covered by the Nebraska Property and Liability
25 Insurance Guaranty Association Act and, in the event of insolvency

1 of any party to the contract, no coverage for any losses
2 exists from the Nebraska Property and Liability Insurance Guaranty
3 Association.

4 The issuer of the motor vehicle service contract
5 reimbursement insurance policy is not a domestic entity and the
6 Department of Insurance can give no assurance that the issuer has
7 adequate reserves to cover potential losses.

8 I have read this NOTICE OF RISKS (initials of
9 service contract holder)."

10 The second paragraph of the notice is not required if the
11 motor vehicle service contract reimbursement insurance policy is
12 issued by an insurer that is domiciled in Nebraska.

13 Sec. 2. Original section 44-3522, Revised Statutes
14 Cumulative Supplement, 2006, is repealed.

15 Sec. 3. Since an emergency exists, this act takes effect
16 when passed and approved according to law.