

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 188

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 issued,
4 sold, or offered for sale in this state unless:

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

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

11 (3) The contract conspicuously states:

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

15 (b) The name and address of the issuer of the motor vehicle
16 service contract reimbursement insurance policy. ~~;~~ and

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

20 ~~"NOTICE OF RISKS â## Neither the motor vehicle service~~
21 ~~contract nor the motor vehicle service contract reimbursement~~
22 ~~insurance policy are covered by the Nebraska Property and Liability~~
23 ~~Insurance Guaranty Association Act and, in the event of insolvency of~~
24 ~~any party to the contract, no coverage for any losses exists from the~~
25 ~~Nebraska Property and Liability Insurance Guaranty Association.~~

26 ~~The issuer of the motor vehicle service contract~~
27 ~~reimbursement insurance policy is not a domestic entity and the~~

1 ~~Department of Insurance can give no assurance that the issuer has~~
2 ~~adequate reserves to cover potential losses.~~

3 ~~I have read this NOTICE OF RISKS (initials of~~
4 ~~service contract holder)."~~

5 ~~The second paragraph of the notice is not required if the~~
6 ~~motor vehicle service contract reimbursement insurance policy is~~
7 ~~issued by an insurer that is domiciled in Nebraska.~~

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9 Cumulative Supplement, 2006, is repealed.

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