

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 350

Introduced by Stuthman, 22

Read first time January 12, 2007

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to insurance; to provide for the partial
2 payment of the proceeds of an insurance policy by city
3 or village ordinance as prescribed; and to provide powers
4 and duties to cities, villages, and the Department of
5 Insurance.

6 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) The governing body of any city or village
2 may adopt an ordinance to establish a procedure for the payment
3 of not more than fifteen percent of the proceeds of any insurance
4 policy based upon a covered-claim payment made for damage or loss
5 to a building or other structure caused by or arising out of
6 any fire, explosion, windstorm, or other natural disaster. The
7 ordinance shall apply only to a covered-claim payment which is in
8 excess of seventy-five percent of the face value of the policy
9 covering the building or other structure.

10 (2) The insurer shall first pay all amounts due the
11 holder of a first real estate mortgage against the building
12 or other structure pursuant to the terms of the policy and
13 endorsements thereto and shall then withhold from the covered-claim
14 payment a sum not to exceed the amount authorized in subsection
15 (1) of this section and pay such money to the city or village
16 for deposit into an interest-bearing account unless such city or
17 village has issued a certificate pursuant to section 3 of this act.

18 (3) The city or village shall release the insured's
19 proceeds and any interest which has accrued on such proceeds
20 received under subsection (2) of this section within thirty days
21 of receipt of such money unless the city or village has instituted
22 legal proceedings under section 18-1722 or 18-1722.01. If the city
23 or village has proceeded under section 18-1722 or 18-1722.01, all
24 money in excess of that necessary to comply with section 18-1722 or
25 18-1722.01 for the removal of the building or structure shall be

1 paid to the insured.

2 Sec. 2. Every city or village that adopts an ordinance
3 under section 1 of this act shall notify the Department of
4 Insurance. At least once each calendar quarter, the department
5 shall prepare and distribute a list of all cities and villages
6 adopting an ordinance under section 1 of this act during the
7 preceding calendar quarter to all insurance companies that issue
8 policies insuring buildings and other structures against loss by
9 fire, explosion, windstorm, or other natural disaster. An insurance
10 company shall have sixty days after notification of the adoption of
11 such ordinance to establish procedures for such cities or villages
12 to carry out sections 1 to 7 of this act.

13 Sec. 3. Any city or village that has adopted an ordinance
14 under section 1 of this act may certify that, in lieu of payment
15 of all or part of the covered-claim payment, it has obtained
16 satisfactory proof that the insured has or will remove debris and
17 repair, rebuild, or otherwise make the premises safe and secure.
18 If such proof is obtained, the city or village shall issue a
19 certificate to permit the covered-claim payment to the insured
20 without deduction pursuant to subsection (2) of section 1 of this
21 act.

22 Sec. 4. Sections 1 to 7 of this act shall apply to fire,
23 explosion, windstorm, or other natural disaster claims arising on
24 all buildings or structures.

25 Sec. 5. Sections 1 to 7 of this act shall not make

1 any city or village a party to any insurance contract nor is
2 the insurer liable to any party for any amount in excess of the
3 proceeds otherwise payable under its insurance policy.

4 Sec. 6. Insurers complying with sections 1 to 7 of this
5 act, or attempting in good faith to comply, shall be immune from
6 civil and criminal liability and such actions shall not be deemed
7 in violation of the Unfair Insurance Trade Practices Act, including
8 withholding payment of any insurance proceeds pursuant to sections
9 1 to 7 of this act, or releasing or disclosing any information
10 pursuant to sections 1 to 7 of this act.

11 Sec. 7. The Department of Insurance may adopt and
12 promulgate rules and regulations to carry out sections 1 to 7
13 of this act.