

**ONE HUNDRED FIRST LEGISLATURE - FIRST SESSION - 2009**  
**COMMITTEE STATEMENT**  
**LB192**

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**Hearing Date:** Monday January 26, 2009  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** Pahls  
**One Liner:** Change insurance provisions

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pankonin,  
Pirsch, Utter

**Nay:**

**Absent:**

**Present Not Voting:**

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**Proponents:**

Senator Rich Pahls  
Ann Frohman  
Janis McKenzie  
Coleen Nielsen  
Joe Elliott

**Representing:**

Introducer  
NE Department of Insurance  
NE Insurance Federation  
NE Insurance Information Service  
Professional Insurance Agents Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB 192 (Pahls), introduced at the request of the Director of Insurance, would amend various sections with regard to the subject of insurance. The bill would provide, section by section, as follows:

**BURIAL PRE-NEED SALE ACT**

Section 1 would amend section 12-1116 of the Burial Pre-Need Sale Act to provide that the Director of Insurance may deny, revoke, or suspend a license or levy an administrative fine of not more than one thousand dollars for failure of a licensee to respond to a written inquiry from the Department of Insurance within fifteen business days.

**INDIVIDUAL SICKNESS AND ACCIDENT POLICY**

**COORDINATION OF BENEFITS**

Section 2 would amend section 44-710.03 to harmonize an internal reference to section 44-710.04.

Section 3 would amend section 44-710.04, which sets forth required sickness and accident insurance policy provisions, to allow policies to include alternative provisions entitled "coordination of benefits" providing for non-duplication and coordination between two or more coverages based on rules and regulations adopted and promulgated by the Director of Insurance.

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## TITLE INSURER RESERVE RELEASE SCHEDULE

Section 4 would amend section 44-1988 of the Title Insurers Act to provide that a release of statutory or unearned premium reserves authorized under this section shall be made over the course of the year in twelve equal monthly amounts beginning July 1, instead in one release every July 1. This section would repeal statutory provisions setting forth outdated requirements for transitional reserve requirements.

## REPORTING REQUIREMENTS FOR INSURANCE PRODUCERS

Section 5 would amend section 44-4065 of the Insurance Producers Licensing Act to require an insurance producer to report to the Director of Insurance (1) any administrative action taken against the producer in another jurisdiction by a professional self-regulatory organization such as the Financial Industry Regulatory Authority or a similar organization, or (2) any obligation regarding insurance premiums or fiduciary funds owed to a company, within thirty days of the date of discharge or attempt to discharge such obligation in a personal or organizational bankruptcy proceeding. An administrative action, for purposes of this section, would include any arbitration or mediation award, disciplinary action, civil action, or sanction taken against or involving an insurance producer.

## INSURER INVESTMENTS

Section 6 would amend section 44-5103 of the Insurers Investment Act to allow insurers to use federal home loan banks to hold securities owned by domestic insurers as a custodian. This section would further amend section 44-5103 to change references from "United States banking regulators" to "the regulator charged with establishing such standards and assessing the solvency of" a national bank, state bank, federal home loan bank, or trust company.

## SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY ACT BONA FIDE GROUPS

Sections 7 and 8 would amend sections 44-5223 and 44-5225 of the Small Employer Health Insurance Availability Act to provide that new section 9 of the bill shall be assigned within the act.

Section 9 would enact a new section within the Small Employer Health Insurance Availability Act to provide that a "bona fide association" shall be defined as an association that (1) has been actively in existence for at least five years, (2) has been formed and maintained in good faith for purposes other than obtaining insurance, (3) does not condition membership in the association on a health-status-related factor of an individual, (4) makes health insurance coverage offered through the association available to any member regardless of a health-status-related factor of the member or individual eligible for coverage through a member, and (5) does not make health insurance coverage offered through the association available other than in connection with a member of the association.

Section 10 would amend section 44-5260 of the Small Employer Health Insurance Availability Act to specify that the requirement that every small employer carrier shall actively offer to small employers all health benefit plans it actively markets does not apply to health benefit plans marketed only through a bona fide association.

## INSURER EXAMINATION

Section 11 would amend section 44-5904 of the Insurers Examination Act to increase the maximum amount of time in which the Department of Insurance is required to conduct a field financial examination of a domestic insurer from four years to five years.

Section 12 would amend section 44-5905 of the Insurers Examination Act to increase the maximum amount of time for which companies and persons subject to the act are required to retain financial records and market conduct records from four years to five years.

Section 13 would provide for repealers of amendatory sections.

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Rich Pahls, Chairperson