

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 551

FINAL READING

Introduced by White, 8.

Read first time January 21, 2009

Committee: Banking, Commerce and Insurance

A BILL

1 FOR AN ACT relating to insurance; to amend sections 44-710.01 and
2 44-761, Reissue Revised Statutes of Nebraska; to extend
3 the limiting age on sickness and accident policies; to
4 harmonize provisions; to provide an operative date; and
5 to repeal the original sections.

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

1 Section 1. Section 44-710.01, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 44-710.01 No policy of sickness and accident insurance
4 shall be delivered or issued for delivery to any person in this
5 state unless (1) the entire money and other considerations therefor
6 are expressed therein, (2) the time at which the insurance takes
7 effect and terminates is expressed therein, (3) it purports to
8 insure only one person, except that a policy may insure, originally
9 or by subsequent amendment, upon the application of an adult
10 member of a family who shall be deemed the policyholder, any
11 two or more eligible members of that family, including husband,
12 wife, dependent children, any children enrolled on a full-time
13 basis in any college, university, or trade school, or any children
14 under a specified age which shall not exceed ~~twenty-three~~ thirty
15 years and any other person dependent upon the policyholder; any
16 individual policy hereinafter delivered or issued for delivery
17 in this state which provides that coverage of a dependent child
18 shall terminate upon the attainment of the limiting age for
19 dependent children specified in the policy shall also provide in
20 substance that attainment of such limiting age shall not operate
21 to terminate the coverage of such child during the continuance
22 of such policy and while the child is and continues to be both
23 (a) incapable of self-sustaining employment by reason of mental
24 retardation or physical handicap and (b) chiefly dependent upon
25 the policyholder for support and maintenance, if proof of such

1 incapacity and dependency is furnished to the insurer by the
2 policyholder within thirty-one days of the child's attainment of
3 the limiting age and subsequently as may be required by the
4 insurer but not more frequently than annually after the two-year
5 period following the child's attainment of the limiting age; such
6 insurer may charge an additional premium for and with respect
7 to any such continuation of coverage beyond the limiting age of
8 the policy with respect to such child, which premium shall be
9 determined by the insurer on the basis of the class of risks
10 applicable to such child, (4) it contains a title on the face of
11 the policy correctly describing the policy, (5) the exceptions and
12 reductions of indemnity are set forth in the policy and, except
13 those which are set forth in sections 44-710.03 and 44-710.04,
14 are printed, at the insurer's option, either included with the
15 benefit provision to which they apply or under an appropriate
16 caption such as EXCEPTIONS, or EXCEPTIONS AND REDUCTIONS; if an
17 exception or reduction specifically applies only to a particular
18 benefit of the policy, a statement of such exception or reduction
19 shall be included with the benefit provision to which it applies,
20 (6) each such form, including riders and endorsements, shall be
21 identified by a form number in the lower left-hand corner of the
22 first page thereof, (7) it contains no provision purporting to make
23 any portion of the charter, rules, constitution, or bylaws of the
24 insurer a part of the policy unless such portion is set forth in
25 full in the policy, except in the case of the incorporation of, or

1 reference to, a statement of rates or classification of risks, or
2 short-rate table filed with the Director of Insurance, and (8) on
3 or after January 1, 1999, any restrictive rider contains a notice
4 of the existence of the Comprehensive Health Insurance Pool if the
5 policy provides health insurance as defined in section 44-4209.

6 Sec. 2. Section 44-761, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 44-761 Each group policy of sickness and accident
9 insurance shall contain in substance the following provisions:

10 (1) A provision that the policy, the application of the
11 policyholder if such application or copy thereof is attached to
12 such policy, and the individual applications, if any, submitted
13 in connection with such policy by the employees or members, shall
14 constitute the entire contract between the parties, that all
15 statements, in the absence of fraud, made by any applicant or
16 applicants shall be deemed representations and not warranties, and
17 that no such statement shall avoid the insurance or reduce benefits
18 thereunder unless contained in a written application of which a
19 copy is attached to the policy;

20 (2) A provision that the insurer will furnish to the
21 policyholder, for delivery to each employee or member of the
22 insured group, an individual certificate setting forth in summary
23 form a statement of the essential features of the insurance
24 coverage of such employee or member and to whom benefits thereunder
25 are payable. If dependents are included in the coverage, only one

1 certificate need be issued for each family unit;

2 (3) A provision that to the group originally insured may
3 be added from time to time eligible new employees or members or
4 dependents, as the case may be, in accordance with the terms of the
5 policy; and

6 (4) A provision that the insurance coverage of the
7 employee or member may include, originally or by subsequent
8 amendment, upon the application of the employee or member, any
9 two or more eligible members of his or her family, including
10 husband, wife, dependent children, any children enrolled on a
11 full-time basis in any college, university, or trade school,
12 or any children under a specified age which shall not exceed
13 ~~twenty-three~~ thirty years, and any other person dependent upon
14 the policyholder. Any policy which provides that coverage of an
15 unmarried dependent child shall terminate upon the attainment of
16 the limiting age for unmarried dependent children specified in the
17 policy shall also provide that attainment of such limiting age
18 shall not operate to terminate the coverage of such child during
19 the continuance of the insurance coverage of the employee or member
20 under such policy and while such child is and continues to be
21 (a) incapable of self-sustaining employment by reason of mental or
22 physical handicap and (b) chiefly dependent upon the policyholder
23 for support and maintenance, if proof of such incapacity and
24 dependency is furnished to the insurer by the policyholder within
25 thirty-one days of such child's attainment of the limiting age

1 and subsequently as may be required by the insurer but not more
2 frequently than annually after the two-year period following such
3 child's attainment of the limiting age. The insurer may charge an
4 additional premium for and with respect to any such continuation of
5 coverage beyond the limiting age of the policy, which premium shall
6 be determined by the insurer on the basis of the class of risks
7 applicable to such child. The provisions of this subdivision shall
8 be contained in all new policies of group sickness and accident
9 insurance delivered or issued for delivery to any person in this
10 state. No group policy of sickness and accident insurance shall
11 contain any provisions which are in conflict with sections 44-3,144
12 to 44-3,150.

13 Sec. 3. (1) For purposes of this section, health benefit
14 plan means any expense-incurred individual or group sickness
15 and accident insurance policy, health maintenance organization
16 contract, subscriber contract, or self-funded employee benefit
17 plan to the extent not preempted by federal law, except for
18 any policy or contract that provides coverage only for excepted
19 benefits as defined in the federal Health Insurance Portability
20 and Accountability Act of 1996, 29 U.S.C. 1191b, and regulations
21 adopted pursuant to the act, as such act and regulations existed on
22 January 1, 2009, or any policy or contract that provides coverage
23 for a specified disease or other limited-benefit coverage.

24 (2) Notwithstanding section 44-3,131, any health benefit
25 plan that provides coverage for children shall provide for

1 continuing coverage for such children as follows:

2 (a) If coverage under the health benefit plan would
3 otherwise terminate because a covered child ceases to be a
4 dependent, ceases to be a full-time student, or attains an age
5 which exceeds the specified age at which coverage ceases pursuant
6 to the plan, the health benefit plan shall provide the option
7 to the insured to continue coverage for such child through the
8 end of the month in which the child (i) marries, (ii) ceases to
9 be a resident of the state, unless the child is under nineteen
10 years of age or is enrolled on a full-time basis in any college,
11 university, or trade school, (iii) receives coverage under another
12 health benefit plan or a self-funded employee benefit plan that
13 is not included in the definition of a health benefit plan under
14 subsection (1) of this section but provides similar coverage, or
15 (iv) attains thirty years of age; and

16 (b) The health benefit plan may require:

17 (i) A written election from the insured; and

18 (ii) An additional premium for the child. Such premium
19 shall not vary based upon the health status of the child and shall
20 not exceed the amount the health benefit plan would receive for an
21 identical individual for a single adult insured. No employer shall
22 be required to contribute to any additional premium under this
23 subdivision.

24 Sec. 4. This act becomes operative on January 1, 2010.

25 Sec. 5. Original sections 44-710.01 and 44-761, Reissue

LB 551

LB 551

1 Revised Statutes of Nebraska, are repealed.