

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 551

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

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

1 the insurer a part of the policy unless such portion is set forth
2 in full in the policy, except in the case of the incorporation of,
3 or reference to, a statement of rates or classification of risks,
4 or short-rate table filed with the Director of Insurance, and ~~(g)~~
5 (h) on or after January 1, 1999, any restrictive rider contains
6 a notice of the existence of the Comprehensive Health Insurance
7 Pool if the policy provides health insurance as defined in section
8 44-4209.

9 (2) Beginning on the operative date of this act, no
10 policy of sickness and accident insurance shall be delivered or
11 issued for delivery to any person in this state unless subdivisions
12 (1)(a), (b), (d), (e), (f), (g), and (h) of this section are
13 satisfied and it purports to insure only one person, except that
14 a policy may insure, originally or by subsequent amendment, upon
15 the application of an adult member of a family who shall be deemed
16 the policyholder, any two or more eligible members of that family,
17 including husband, wife, dependent children, any children enrolled
18 on a full-time basis in any college, university, or trade school,
19 or any children through a specified age, which shall include
20 children through twenty-three years of age, or if unmarried,
21 through twenty-nine years of age, and any other person dependent
22 upon the policyholder; any individual policy hereinafter delivered
23 or issued for delivery in this state which provides that coverage
24 of a dependent child shall terminate upon the attainment of the
25 limiting age for dependent children specified in the policy shall

1 also provide in substance that attainment of such limiting age
2 shall not operate to terminate the coverage of such child during
3 the continuance of such policy and while the child is and continues
4 to be both (a) incapable of self-sustaining employment by reason of
5 mental retardation or physical handicap and (b) chiefly dependent
6 upon the policyholder for support and maintenance, if proof of
7 such incapacity and dependency is furnished to the insurer by the
8 policyholder within thirty-one days of the child's attainment of
9 the limiting age and subsequently as may be required by the insurer
10 but not more frequently than annually after the two-year period
11 following the child's attainment of the limiting age; such insurer
12 may charge an additional premium for and with respect to any such
13 continuation of coverage beyond twenty-three years of age and up to
14 twenty-nine years of age with respect to any unmarried child, which
15 premium shall be determined by the insurer on the basis of the
16 class of risks applicable to such child and such premium shall be
17 paid by the policyholder. Nothing in this subsection shall require
18 such additional premium to be paid by the policyholder's employer.

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

21 44-761 (1) Each group policy of sickness and accident
22 insurance shall contain in substance the following provisions:

23 ~~(1)~~ (a) A provision that the policy, the application of
24 the policyholder if such application or copy thereof is attached
25 to such policy, and the individual applications, if any, submitted

1 in connection with such policy by the employees or members, shall
2 constitute the entire contract between the parties, that all
3 statements, in the absence of fraud, made by any applicant or
4 applicants shall be deemed representations and not warranties, and
5 that no such statement shall avoid the insurance or reduce benefits
6 thereunder unless contained in a written application of which a
7 copy is attached to the policy;

8 ~~(2)~~ (b) A provision that the insurer will furnish to
9 the policyholder, for delivery to each employee or member of
10 the insured group, an individual certificate setting forth in
11 summary form a statement of the essential features of the insurance
12 coverage of such employee or member and to whom benefits thereunder
13 are payable. If dependents are included in the coverage, only one
14 certificate need be issued for each family unit;

15 ~~(3)~~ (c) A provision that to the group originally insured
16 may be added from time to time eligible new employees or members or
17 dependents, as the case may be, in accordance with the terms of the
18 policy; and

19 ~~(4)~~ A (d) Until the operative date of this act and except
20 as provided in subsection (2) of this section, a provision that
21 the insurance coverage of the employee or member may include,
22 originally or by subsequent amendment, upon the application of
23 the employee or member, any two or more eligible members of his
24 or her family, including husband, wife, dependent children, any
25 children enrolled on a full-time basis in any college, university,

1 or trade school, or any children under a specified age which shall
2 not exceed twenty-three years, and any other person dependent upon
3 the policyholder. Any policy which provides that coverage of an
4 unmarried dependent child shall terminate upon the attainment of
5 the limiting age for unmarried dependent children specified in
6 the policy shall also provide that attainment of such limiting
7 age shall not operate to terminate the coverage of such child
8 during the continuance of the insurance coverage of the employee
9 or member under such policy and while such child is and continues
10 to be ~~(a)~~ (i) incapable of self-sustaining employment by reason
11 of mental or physical handicap and ~~(b)~~ (ii) chiefly dependent
12 upon the policyholder for support and maintenance, if proof of
13 such incapacity and dependency is furnished to the insurer by the
14 policyholder within thirty-one days of such child's attainment of
15 the limiting age and subsequently as may be required by the insurer
16 but not more frequently than annually after the two-year period
17 following such child's attainment of the limiting age. The insurer
18 may charge an additional premium for and with respect to any such
19 continuation of coverage beyond the limiting age of the policy,
20 which premium shall be determined by the insurer on the basis of
21 the class of risks applicable to such child. The provisions of
22 this subdivision shall be contained in all new policies of group
23 sickness and accident insurance delivered or issued for delivery to
24 any person in this state. No group policy of sickness and accident
25 insurance shall contain any provisions which are in conflict with

1 sections 44-3,144 to 44-3,150.

2 (2) Beginning on the operative date of this act, each
3 group policy of sickness and accident insurance shall contain
4 in substance the provisions enumerated in subdivisions (1) (a),
5 (b), and (c) of this section and a provision that the insurance
6 coverage of the employee or member may include, originally or
7 by subsequent amendment, upon the application of the employee or
8 member, any two or more eligible members of his or her family,
9 including husband, wife, dependent children, any children enrolled
10 on a full-time basis in any college, university, or trade school,
11 or any children through a specified age, which shall include
12 children through twenty-three years of age, or if unmarried,
13 through twenty-nine years of age, and any other person dependent
14 upon the policyholder. Any policy which provides that coverage of
15 an unmarried dependent child shall terminate upon the attainment
16 of the limiting age for unmarried dependent children specified in
17 the 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
5 of coverage beyond twenty-three years of age and up to twenty-nine
6 years of age with respect to any unmarried child, which premium
7 shall be determined by the insurer on the basis of the class of
8 risks applicable to such child and such premium shall be paid by
9 the employee or member. Nothing in this subsection shall require
10 such additional premium to be paid by the employee's or member's
11 employer. The provisions of this subsection shall be contained
12 in all new and renewal policies of group sickness and accident
13 insurance delivered or issued for delivery to any person in this
14 state. No group policy of sickness and accident insurance shall
15 contain any provisions which are in conflict with sections 44-3,144
16 to 44-3,150.

17 Sec. 3. This act becomes operative on July 1, 2009.

18 Sec. 4. Original sections 44-710.01 and 44-761, Reissue
19 Revised Statutes of Nebraska, are repealed.

20 Sec. 5. Since an emergency exists, this act takes effect
21 when passed and approved according to law.