



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 192

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 26, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

This bill, introduced at the request of the Nebraska Director of Insurance, would amend various sections regarding the subject of insurance. It would provide, as follows:

BURIAL PRE-NEED SALES

The bill would allow the Director of Insurance to deny, revoke, or suspend a license or levy an administrative fine of not more than one thousand dollars for failure of a burial pre-need sale licensee to respond to a written inquiry from the Department of Insurance within fifteen business days. (Section 12-1116) (Section 1 of the bill).

INDIVIDUAL SICKNESS AND ACCIDENT POLICY PROVISIONS

The bill would allow a policy of sickness and accident insurance to include alternative policy provisions to the other policy 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. (Sections 44-710.03 and 44-710.04) (Sections 2 and 3 of the bill).

TITLE INSURERS

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 The bill would repeal statutory provisions setting forth outdated requirements for transitional reserve requirements.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

INSURANCE PRODUCERS

The bill would 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. (Section 44-4065) (Section 5 of the bill).

INSURERS INVESTMENTS

The bill would allow insurers to use federal home loan banks to hold securities owned by domestic insurers as a custodian and 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. (Section 44-5103) (Section 6 of the bill).

SMALL EMPLOYER HEALTH INSURANCE AVAILABILITY

The bill would amend the Small Employer Health Insurance Availability Act to adopt a definition of "bona fide association." A bona fide association under the act would 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. The bill would 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. (Sections 44-5223, 44-5225, and 44-5260) (Sections 7 to 10 of the bill).

INSURER EXAMINATION

The bill would 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 every four years to every five years, and would increase the maximum amount of time for which companies and other persons are required to retain financial records and market conduct records from four years to five years. (Sections 44-5904 and 44-5905) (Sections 11 and 12 of the bill).

Principal Introducer:

Senator Rich Pahls