

ONE HUNDRED SECOND LEGISLATURE - FIRST SESSION - 2011
COMMITTEE STATEMENT
LB72

Hearing Date: Tuesday January 18, 2011
Committee On: Banking, Commerce and Insurance
Introducer: Pahls
One Liner: Change insurance provisions

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

Vote Results:

Aye:	7	Senators Gloor, Langemeier, McCoy, Pahls, Pankonin, Pirsch, Utter
Nay:		
Absent:		
Present Not Voting:	1	Senator Christensen

Proponents:

Senator Rich Pahls
Bruce Ramge
Jan McKenzie

Representing:

Introducer
NE Dept of Insurance
NE Insurance Federation

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB72 (Pahls), introduced at the request of the Director of Insurance, would amend various sections with regard to insurance. The bill would provide, section by section, as follows:

PAYMENT OF LIFE INSURANCE PROCEEDS

Section 1 would amend section 44-3,143 to provide that a violation of its requirements for payment of interest on delayed life insurance proceeds shall be an unfair claims settlement practice subject to the Unfair Insurance Claims Settlement Practices Act (rather than a Class III misdemeanor pursuant to section 44-394, which provides that any violation of Chapter 44 for which no penalty is provided shall be a Class III misdemeanor).

SEPARATE ACCOUNTS

Section 2 would amend section 44-402.01 to specify that creation of separate accounts by a domestic life insurance company is subject to prior approval by the Director of Insurance rather than prior notice to the director.

INSURANCE POLICY COMPLIANCE WITH STATE AND FEDERAL LAW

Section 3 would amend section 44-710.03 to require policies of sickness and accident insurance to include a mandatory provision stating that any policy provision which, on its effective date, is in conflict with federal or state law is hereby amended to conform to the minimum requirements of such law.

Section 4 would amend section 44-710.04 to repeal provisions which allow policies of sickness and accident insurance to include a permissive provision stating that any policy provision which, on its effective date, is in conflict with state statutes is hereby amended to conform to the minimum requirements of such statutes.

PAYMENT OF LIFE INSURANCE PROCEEDS

Section 5 would amend section 44-1540 of the Unfair Insurance Claims Settlement Practices Act to provide that a violation of section 44-3,143 (section 1 of the bill) is a violation of the Unfair Insurance Claims Settlement Practices Act.

INSURERS SUPERVISION, REHABILITATION, AND LIQUIDATION

Section 6 would amend section 44-4803 of the Nebraska Insurers Supervision, Rehabilitation, and Liquidation Act to define "netting agreement" as an agreement that provides for the netting of qualified financial contracts, and "qualified financial contract" as a commodity contract, forward contract, repurchase agreement, securities contract, swap agreement, and any similar agreement so determined by the director.

Section 7 would amend the Nebraska Insurers Supervision, Rehabilitation, and Liquidation Act to enact a new section to specify that a person shall not be prohibited by a stay under the act from exercising specified contracts under circumstances specified in the section. Section 7 would specify that the net or settlement amount owed by a non-defaulting party to an insurer against which an application or petition has been filed under the act shall be transferred to or on the order of the receiver for the insurer, and would require the receiver to use best efforts to notify parties to the contract. Section 7 would prohibit the receiver from voiding such a transaction that is made before a delinquency proceeding is commenced in the absence of intent to commit fraud. Section 7 would define "contractual right" for purposes of the section. Section 7 would specify that all rights of a counterparty under the act would apply to netting agreements and qualified financial contracts entered into on behalf of the general account or separate accounts.

Section 8 would amend section 44-4862 of the Nebraska Insurers Supervision, Rehabilitation, and Liquidation Act to provide that new section 7 shall be assigned within the act.

MISCELLANEOUS PROVISIONS

Section 9 would provide for repealers of the amendatory sections.

Rich Pahls, Chairperson