

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 406**

FINAL READING

Introduced by Kolterman, 24.

Read first time January 13, 2017

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to insurance policies; to amend sections
- 2 44-516, 44-522, and 44-523, Reissue Revised Statutes of Nebraska; to
- 3 change provisions relating to notice of cancellation, nonrenewal, or
- 4 nonpayment of a premium; and to repeal the original sections.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-516, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 44-516 (1) No notice of cancellation of a policy to which section  
4 44-515 applies shall be effective unless mailed by registered mail, ~~or~~  
5 certified mail, or first-class mail using intelligent mail barcode or  
6 another similar tracking method used or approved by the United States  
7 Postal Service to the named insured at least thirty days prior to the  
8 effective date of cancellation, except that if cancellation is for  
9 nonpayment of premium, at least ten days' notice of cancellation  
10 accompanied by the reason therefor shall be given. The requirements of  
11 this subsection shall apply to a cancellation initiated by a premium  
12 finance company for nonpayment of premium.

13 (2) Unless the reason accompanies or is included in the notice of  
14 cancellation, the notice of cancellation shall state or be accompanied by  
15 a statement that upon written request of the named insured, mailed or  
16 delivered to the insurer not less than twenty-five days prior to the  
17 effective date of cancellation, the insurer will specify the reason for  
18 such cancellation. The insurer shall, upon such written request of the  
19 named insured, mailed or delivered to the insurer not less than twenty-  
20 five days prior to the effective date of cancellation, specify in writing  
21 the reason for such cancellation. Such reason shall be mailed or  
22 delivered to the named insured within five days after receipt of such  
23 request.

24 (3) For purposes of sections 44-514 to 44-521:

25 (a) An insurer's substitution of insurance upon renewal which  
26 results in substantially equivalent coverage shall not be considered a  
27 cancellation of a policy; and

28 (b) The transfer of a policyholder between insurers within the same  
29 insurance group shall be considered a cancellation only if the transfer  
30 results in policy coverage or rates substantially less favorable to the  
31 insured.

1           (4) Subsections (1) and (2) of this section shall not apply to  
2 nonrenewal.

3           Sec. 2. Section 44-522, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5           44-522 (1) No insurer may file an insurance policy with the  
6 department, as required by the Property and Casualty Insurance Rate and  
7 Form Act, which insures against loss or damage to property or against  
8 legal liability from any cause unless such policy contains appropriate  
9 provisions for cancellation thereof by either the insurer or the insured  
10 and for nonrenewal thereof by the insurer.

11           (2) On any policy or binder of property, marine, or liability  
12 insurance, as specified in section 44-201, the insurer shall give the  
13 insured sixty days' written notice prior to cancellation or nonrenewal of  
14 such policy or binder, except that the insurer may cancel upon ten days'  
15 written notice to the insured in the event of nonpayment of premium or if  
16 such policy or binder has a specified term of sixty days or less unless  
17 the policy or binder has previously been renewed. The requirements of  
18 this subsection shall apply to a cancellation initiated by a premium  
19 finance company for nonpayment of premium. The provisions of this  
20 subsection and subsection (4) of this section shall not apply to  
21 nonrenewal of a policy or binder which has a specified term of sixty days  
22 or less unless the policy or binder has previously been renewed. Such  
23 notice shall state the reason for cancellation or nonrenewal.

24           (3) Notwithstanding subsection (2) of this section, no policy of  
25 property, marine, or liability insurance, as specified in section 44-201,  
26 which has been in effect for more than sixty days shall be canceled by  
27 the insurer except for one of the following reasons:

- 28           (a) Nonpayment of premium;
- 29           (b) The policy was obtained through a material misrepresentation;
- 30           (c) Any insured has submitted a fraudulent claim;
- 31           (d) Any insured has violated any of the terms and conditions of the

1 policy;

2 (e) The risk originally accepted has substantially increased;

3 (f) Certification to the Director of Insurance of loss of  
4 reinsurance by the insurer which provided coverage to the insurer for all  
5 or a substantial part of the underlying risk insured; or

6 (g) The determination by the director that the continuation of the  
7 policy could place the insurer in violation of the insurance laws of this  
8 state.

9 (4) Notice of cancellation or nonrenewal shall be sent by registered  
10 mail, certified mail, first-class mail, or first-class mail using  
11 intelligent mail barcode or another similar tracking method used or  
12 approved by the United States Postal Service to the insured's last  
13 mailing address known to the insurer. If sent by first-class mail, a  
14 United States Postal Service certificate of mailing shall be sufficient  
15 proof of receipt of notice on the third calendar day after the date of  
16 the certificate.

17 (5) For purposes of this section:

18 (a) An insurer's substitution of insurance upon renewal which  
19 results in substantially equivalent coverage shall not be considered a  
20 cancellation of or a refusal to renew a policy; and

21 (b) The transfer of a policyholder between insurers within the same  
22 insurance group shall be considered a cancellation or a refusal to renew  
23 a policy only if the transfer results in policy coverage or rates  
24 substantially less favorable to the insured.

25 (6) The requirements of subsections (2), (3), and (4) of this  
26 section shall not apply to automobile insurance coverage, insurance  
27 coverage issued under the Nebraska Workers' Compensation Act, insurance  
28 coverage on growing crops, or insurance coverage which is for a specified  
29 season or event and which is not subject to renewal or replacement.

30 (7) All policy forms issued for delivery in Nebraska shall conform  
31 to this section.

1           Sec. 3. Section 44-523, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           44-523 (1)(a) Except as provided in subdivision (1)(b) of this  
4 section, a notice of cancellation, given for reasons other than for  
5 nonpayment of premium, of a policy of automobile liability insurance  
6 issued or delivered in this state shall only be effective if mailed by  
7 registered mail, or certified mail, or first-class mail using intelligent  
8 mail barcode or another similar tracking method used or approved by the  
9 United States Postal Service to the named insured at the address shown in  
10 the policy at least thirty days prior to the effective date of such  
11 cancellation.

12           (b) A notice of cancellation, initiated by a premium finance  
13 company, of a policy of automobile liability insurance issued or  
14 delivered in this state shall only be effective if mailed by registered  
15 mail, or certified mail, or first-class mail using intelligent mail  
16 barcode or another similar tracking method used or approved by the United  
17 States Postal Service to the named insured at the address shown in the  
18 policy at least ten days prior to the effective date of such  
19 cancellation.

20           (2) For purposes of this section:

21           (a) An insurer's substitution of insurance upon renewal which  
22 results in substantially equivalent coverage shall not be considered a  
23 cancellation of a policy; and

24           (b) The transfer of a policyholder between insurers within the same  
25 insurance group shall be considered a cancellation of a policy only if  
26 the transfer results in policy coverage or rates substantially less  
27 favorable to the insured.

28           (3) This section shall not apply (a) to any policy subject to  
29 sections 44-514 to 44-521, (b) to any policy issued under an automobile  
30 assigned risk plan or to any policy of insurance issued principally to  
31 cover personal or premises liability of an insured even though such

1 insurance may also provide some incidental coverage for liability arising  
2 out of the ownership, maintenance, or use of a motor vehicle on the  
3 premises of the insured or on the ways adjoining such premises, and (c)  
4 to any policy or coverage which has been in effect less than sixty days  
5 at the time notice of cancellation is mailed or delivered by the insurer  
6 unless it is a renewal policy.

7 (4) Any attempted cancellation in violation of the provisions of  
8 this section shall be void.

9 Sec. 4. Original sections 44-516, 44-522, and 44-523, Reissue  
10 Revised Statutes of Nebraska, are repealed.