

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 231**

Introduced by Kolterman, 24.

Read first time January 11, 2017

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to the Insurance Producers Licensing Act; to
- 2 amend section 44-4059, Reissue Revised Statutes of Nebraska; to
- 3 authorize disciplinary action for failing to maintain a license in
- 4 good standing as prescribed; and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 44-4059, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 44-4059 (1) The director may suspend, revoke, or refuse to issue or  
4 renew an insurance producer's license or may levy an administrative fine  
5 in accordance with subsection (4) of this section, or any combination of  
6 actions, for any one or more of the following causes:

7 (a) Providing incorrect, misleading, incomplete, or materially  
8 untrue information in the license application;

9 (b) Violating any insurance law or violating any rule, regulation,  
10 subpoena, or order of the director or of another state's insurance  
11 commissioner or director;

12 (c) Obtaining or attempting to obtain a license through  
13 misrepresentation or fraud;

14 (d) Improperly withholding, misappropriating, or converting any  
15 money or property received in the course of doing insurance business;

16 (e) Intentionally misrepresenting the terms of an actual or proposed  
17 insurance contract or application for insurance;

18 (f) Having been convicted of a felony or a Class I, II, or III  
19 misdemeanor;

20 (g) Having admitted or been found to have committed any insurance  
21 unfair trade practice, any unfair claims settlement practice, or fraud;

22 (h) Using fraudulent, coercive, or dishonest practices, or  
23 demonstrating incompetence, untrustworthiness, or financial  
24 irresponsibility in the conduct of business in this state or elsewhere;

25 (i) Having an insurance producer license, or its equivalent, denied,  
26 suspended, placed on probation, or revoked in Nebraska or in any other  
27 state, province, district, or territory;

28 (j) Forging another's name to an application for insurance or to any  
29 document related to an insurance transaction;

30 (k) Improperly using notes or any other reference material to  
31 complete an examination for an insurance license;

1 (1) Knowingly accepting insurance business from an individual who is  
2 not licensed;

3 (m) Failing to comply with an administrative or court order imposing  
4 a child support obligation pursuant to the License Suspension Act;~~and~~

5 (n) Failing to pay state income tax or comply with any  
6 administrative or court order directing payment of state income tax;  
7 and -

8 (o) Failing to maintain in good standing a resident license in the  
9 insurance producer's home state.

10 (2) If the director does not renew or denies an application for a  
11 license, the director shall notify the applicant or licensee and advise,  
12 in writing, the applicant or licensee of the reason for the denial or  
13 nonrenewal of the applicant's or licensee's license. The applicant or  
14 licensee may make written demand upon the director within thirty days for  
15 a hearing before the director to determine the reasonableness of the  
16 director's action. The hearing shall be held within thirty days and shall  
17 be held pursuant to the Administrative Procedure Act.

18 (3) The license of a business entity may be suspended, revoked, or  
19 refused if the director finds, after notice and hearing, that an  
20 individual licensee's violation was known or should have been known by  
21 one or more of the partners, officers, or managers acting on behalf of  
22 the business entity and the violation was neither reported to the  
23 director nor corrective action taken.

24 (4) In addition to or in lieu of any applicable denial, suspension,  
25 or revocation of a license, any person violating the Insurance Producers  
26 Licensing Act may, after notice and hearing, be subject to an  
27 administrative fine of not more than one thousand dollars per violation.  
28 Such fine may be enforced in the same manner as civil judgments. Any  
29 person charged with a violation of the act may waive his or her right to  
30 a hearing and consent to such discipline as the director determines is  
31 appropriate. The Administrative Procedure Act shall govern all hearings

1 held pursuant to such act.

2 (5) The director shall retain the authority to enforce the  
3 provisions of and impose any penalty or remedy authorized by the  
4 Insurance Producers Licensing Act against any person who is under  
5 investigation for or charged with a violation of the act even if the  
6 person's license or registration has been surrendered or has lapsed by  
7 operation of law. No disciplinary proceeding shall be instituted against  
8 any licensed person after the expiration of three years from the  
9 termination of such license.

10 Sec. 2. Original section 44-4059, Reissue Revised Statutes of  
11 Nebraska, is repealed.