

**ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019**  
**COMMITTEE STATEMENT**  
**LB380**

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**Hearing Date:** Tuesday February 05, 2019  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** La Grone  
**One Liner:** Change provisions of the Nebraska Property and Liability Insurance Guaranty Association Act

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

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**Vote Results:**

**Aye:** 8 Senators Gragert, Howard, Kolterman, La Grone, Lindstrom,  
McCollister, Quick, Williams

**Nay:**

**Absent:**

**Present Not Voting:**

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**Oral Testimony:**

**Proponents:**

Senator Andrew La Grone  
Bruce Ramge  
Chad Anderson

Robert Bell  
Coleen Nielsen

**Representing:**

Introducer  
NE Department of Insurance  
NE Property and Liability Insurance Guaranty  
Association  
NE Insurance Federation  
NE Insurance Information Service

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB380 amends the Nebraska Property and Liability Insurance Guaranty Association Act. The changes, recommended by the Department of Insurance, make minor amendments to bring the act closer to the National Association of Insurance Commissioners model in this area. Section by section the legislation provides as follows:

Section 1 amends section 44-2403, which is the definitional provision of the act. The definition of covered claim is amended to eliminate unnecessary language related to timely filing a claim with the liquidator, eliminates exclusionary language related to policy deductible, and adds a statement that covered claim shall not include punitive or exemplary damages, amounts for incurred but not reported, and any claim filed after the earlier date of twenty five months after order of liquidation or a final date set by the liquidator.

Section 2 amends section 44-2406 to change the floor of a covered claim, including a covered claim for unearned premium, from \$100 to \$0.

Section 3 amends section 44-2407 to change the powers and duties of the association. First the bill changes the year assessments are based upon. Currently, all assessments for an insolvency are based on insurers' premium levels for the year proceeding the declaration of the insolvency. The statute is amended to base all assessments for an

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insolvency on the insurers' premium levels for the year proceeding the assessment.

Additionally, language is added to section 44-2407 to provide that the association will be deemed the insolvent company to the extent of the association's responsibilities for covered claims as if the company had not become insolvent, including the rights of salvage and subrogation. Language is also clarified to provide the association access to an insolvent company's records.

Section 44-2407 is also amended to provide the association the ability to intervene in any court that has jurisdiction over the insolvent insurer, to bring actions against any representative of the insolvent insurer if needed, and removes unnecessary language related to member contribution return.

Section 4 amends 44-2409 to remove the word agency and replace it with facility.

Section 5 amends 44-2411 to make stylistic changes to the statute.

Section 6 is a new section added to the act that will stay, for one hundred twenty days, all proceedings arising out of a claim under a policy of insurance written by an insolvent insurer from the date of entry of liquidation. This section includes language indicating that it is not intended to interfere with the powers of a receiver appointed pursuant to the Nebraska Insurers Supervision, Rehabilitation, and Liquidation Act.

Section 7 is the amendatory repealer

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Matt Williams, Chairperson