

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 257

Introduced by Kolterman, 24.

Read first time January 15, 2019

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to insurance; to change provisions relating to
- 2 loss payouts and to provide for the addition of certain parties on
- 3 loss payout checks as prescribed.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) In cases in which there is not a total loss, when
2 there are one or more loss payees shown in the policy, an insurer paying
3 a claim in excess of two thousand five hundred dollars under an
4 automobile comprehensive physical damage coverage or automobile collision
5 physical damage coverage shall add as a payee on the check or draft, in
6 addition to the name of the insured or insureds, the name of the business
7 or other entity repairing the automobile or the name of the loss payee or
8 loss payees.

9 (2) In cases in which there is not a total loss, when there are one
10 or more loss payees shown in the policy, an insurer paying a claim in
11 excess of seven thousand five hundred dollars under a property damage
12 policy for a loss to a one-to-four family dwelling unit or an owner-
13 operated commercial property shall add as a payee on the check or draft,
14 in addition to the name of the insured or insureds, the name of the
15 business or other entity repairing the one-to-four family dwelling unit,
16 or the owner-operated commercial property or the name of the loss payee
17 or loss payees.

18 (3) In cases of a total loss, when there are one or more loss payees
19 shown in the policy, an insurer paying a claim under (a) automobile
20 comprehensive physical damage coverage or automobile collision physical
21 damage coverage or (b) a property damage policy for a loss to a one-to-
22 four family dwelling unit or an owner-operated commercial property, shall
23 add as a payee on the check or draft, in addition to the name of the
24 insured or insureds, the name of the loss payee or loss payees.

25 (4) After an insurer has issued a check or draft in accordance with
26 subsection (1) or (2) of this section, such check or draft, if
27 satisfactory in amount to the insured, shall be properly endorsed by the
28 insured in favor of the loss payee or business or other entity repairing
29 the automobile, one-to-four family dwelling unit or owner-operated
30 commercial property, as applicable, and delivered to such loss payee or
31 business or other entity.

1 (5) For any check or draft issued by an insurer under subsection (1)
2 or (2) of this section, which is made payable to the insured and a loss
3 payee, the loss payee shall either (a) send the check or draft, properly
4 endorsed, to the insured within ten days after the date of its receipt by
5 the loss payee; or (b) process the check or draft for collection or
6 deposit. Any loss payee holding funds under subdivision (5)(b) of this
7 section shall hold such funds for payment of the cost of repairs unless
8 the evidence of the debt or the instrument given as security for the debt
9 is in default. If the default is a result of failure to make payments in
10 a timely manner as required by the evidence of debt or the instrument
11 securing the debt, the loss payee may apply an amount of such proceeds
12 sufficient to cure the default, including, but not limited to, delinquent
13 principal, delinquent interest, taxes, insurance, penalties, and late
14 charges, and hold the balance for payment of the cost of repairs.