

Legislature - First Session - 2019

Introducer's Statement of Intent

LB380

Chairperson: Senator Matt Williams

Committee: Banking, Commerce and Insurance

Date of Hearing: February 05, 2019

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 380 amends the Nebraska Property and Liability Insurance Guaranty Association Act to bring the act into closer alignment with the National Association of Insurance Commissioners' model act and ease the administration of claims of insolvent property and casualty insurers.

Because most property and casualty insurer insolvencies involve insurers writing in multiple states, more uniformity among among states' guaranty association acts make the payment of claims to the insureds when an insurer goes insolvent more streamlined. Most of the changes to the act in LB 380 address ease of administration in order to streamline claims payments and help the policyholder.

Additionally, the changes address a specific issue related to large deductible worker compensation policies where a claim is for less than the deductible amount. Under current law, a claim less than the deductible is not considered a "covered claim" and the guaranty association is unable to pay or otherwise administer the claim. The responsibility then falls back to the employer which hinders prompt payment to the consumer. The changes contained within LB 380 provide the association the authority to pay such a claim then seek reimbursement from the injured workers' employer, consistent with the Nebraska Workers Compensation Act.

Principal Introducer: _____

Senator Andrew La Grone