

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB21

Chairperson: Senator Matt Williams

Committee: Banking, Commerce and Insurance

Date of Hearing: January 25, 2021

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

Legislative Bill 21 was introduced on behalf of the Director of Insurance with the intention of cleaning up several issues present in current insurance statutes. The legislation has three objectives: (a) clean-up of unconstitutional language regarding the appropriate place for the Department of Insurance to remit fines it collects; (b) elimination of confusion regarding continuing education requirements for insurance agents operating under their initial license; and (c) removing a superfluous requirement regarding approval of certain HMO applications. Those three items are as follows:

(a) There are several references within the insurance statutes indicating that fines collected by the Department should be remitted to the “permanent school fund.” The Department has been advised that such language is not constitutional and is therefore in need of revision. The bill replaces the unconstitutional language with a constitutional substitute.

(b) Renewal of insurance licenses for agents is based upon a licensee’s date of birth rather than a particular calendar date. Prior to that renewal date, the licensee has to complete a significant amount of continuing education. Due to the interplay of those two things, a somewhat unique situation can sometimes be present at the time a licensee’s initial license is due for renewal if that license is up for renewal only a matter of months after initial issuance. Such a short license period presents a substantial hardship in completing the necessary continuing education. The bill addresses this issue by waiving the continuing education requirement at the time of renewal of a licensee’s initial license if the initial license expires less than one year after the date of licensing.

(c) Currently the Nebraska Department of Health and Human Services (“DHHS”) is required to review all HMO applications. In certain situations, the review of HMO plans is preempted by federal law, making the DHHS review both duplicative and an unnecessary drain on DHHS resources, not to mention potentially causing unnecessary delays. The bill addresses this situation by eliminating DHHS review of certain HMOs where review is preempted by federal law. DHHS has been consulted about this change, has participated in the drafting of the language in the bill addressing this particular issue, and supports passage of this legislation.

Principal Introducer: _____

Senator Matt Williams