

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 232

Introduced by Hallstrom, 1.

Read first time January 14, 2025

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to insurance; to require issuers of certain
2 life insurance policies to provide notice of lapse and termination
3 of such policies as prescribed; and to authorize senior citizens
4 with certain life insurance policies to designate a third party to
5 receive certain notifications regarding such senior citizen's life
6 insurance policy as prescribed.

7 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** (1) For purposes of this section, a life insurance
2 policy includes, but is not limited to, an individual life insurance
3 policy and a group life insurance policy.

4 (2) No policy of life insurance issued or delivered in this state
5 after the effective date of this act and subject to an assignment as
6 security for an indebtedness made in this state shall terminate or lapse
7 by reason of default in payment of any premium due on such policy unless
8 a notice of pending lapse and termination of such policy has been
9 provided at least thirty days prior to the effective date of such lapse
10 and termination by the insurer to any known assignee having an interest
11 in the life insurance policy.

12 (3) The insurer shall electronically provide notice of the pending
13 lapse and termination to any assignee which has requested notice pursuant
14 to subsection (4) of this section. The insurer shall be permitted to
15 charge the policy owner for the notice directly or as a charge against
16 the policy for the reasonable cost of complying with this subsection, but
17 in no event shall such charge exceed two dollars and fifty cents for each
18 notice.

19 (4) An assignee of a policy of life insurance under an assignment as
20 security for an indebtedness made in this state may request that the
21 insurer provide such assignee a notice of default in payment of any
22 premium due on such policy at least thirty days prior to the effective
23 date of any lapse and termination of such life insurance policy. The
24 request shall be made before default in payment of premium due on such
25 policy, shall be in writing, delivered to the insurer either by certified
26 mail, return receipt requested, or electronically, and shall be effective
27 not later than ten business days after the date of receipt by the
28 insurer. Such request shall also specify the name and address at which
29 the notice shall be provided electronically by the insurer to the
30 assignee, specify the name of the insured, and specify the policy number.
31 Upon termination of the assignee's rights under the assignment, the

1 assignee shall promptly mail a release of the assignment to the insurer.

2 (5) This section shall not apply to nonrenewal and shall not be
3 construed to affect the contractual rights of assignees.

4 **Sec. 2.** (1) For purposes of this section, senior-citizen insured
5 shall mean a Nebraska resident who is the policy owner or the insured and
6 is sixty-five years of age or older.

7 (2) Every insurer that has in force a premium-paying individual life
8 insurance policy, issued or delivered in this state on or after the
9 effective date of this act, on the life of a senior-citizen insured shall
10 permit the senior-citizen insured to designate one third-party individual
11 to whom the insurer shall transmit any notice of cancellation,
12 nonrenewal, and conditional renewal. The senior-citizen insured shall
13 notify the insurer that a third-party has been so designated. Such
14 notification shall be in writing, shall be delivered to the insurer
15 either by certified mail, return receipt requested, or electronically,
16 and shall be effective not later than ten business days after the date of
17 receipt by the insurer. The notification shall contain, in writing, an
18 acceptance by the third-party designee to receive any notice of
19 cancellation, nonrenewal, and conditional renewal from the insurer and
20 shall contain the name and address at which such notices shall be
21 provided electronically by the insurer to the third-party designee.

22 (3)(a) If the third-party designee desires to terminate the
23 designee's status as third-party designee, such designee shall provide
24 written notice to both the insurer and the senior-citizen insured.

25 (b) If the senior-citizen insured desires to terminate the third-
26 party designation, the insured shall provide written notice to the
27 insurer.

28 (c) The transmission to the third-party designee of any notice of
29 cancellation, nonrenewal, or conditional renewal shall be in addition to
30 a copy of such document transmitted to the senior-citizen insured.

31 (4) Designation as a third-party designee for a senior-citizen

1 insured shall not constitute acceptance of any liability by the third-
2 party designee for services provided to such senior-citizen insured. The
3 insurer shall notify a senior-citizen insured annually in writing of the
4 availability of the third-party designee notice procedure and provide
5 information on how the insured can commence this procedure, except that
6 such notice need not be provided once a senior citizen has made a
7 designation of a third-party designee.