

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 51

Introduced by Scheer, 19.

Read first time January 08, 2015

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to the Intergovernmental Risk Management Act;
2 to amend sections 44-4301 and 44-4309, Reissue Revised Statutes of
3 Nebraska; to require certain disclosures prior to joining a risk
4 management pool; to change provisions relating to termination of
5 participation in a pool; to harmonize provisions; and to repeal the
6 original sections.

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

1 Section 1. Section 44-4301, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 44-4301 Sections 44-4301 to 44-4339 and section 2 of this act shall
4 be known and may be cited as the Intergovernmental Risk Management Act.

5 Sec. 2. (1) Before a public agency takes official action to become
6 a member of a risk management pool pursuant to the Intergovernmental Risk
7 Management Act, the pool shall provide each member of the governing body
8 of the public agency with a separate written disclosure form containing
9 the following information:

10 (a) The mandatory term of membership in the pool, if any;

11 (b) The name and home office location of any third party
12 administrator providing claims or other insurance services for the pool;

13 (c) A list of insurers providing excess insurance coverage or
14 reinsurance coverage for the pool;

15 (d) Applicable deductible levels and the maximum level of claims
16 which the pool will self-insure;

17 (e) The requirements for voluntary termination of membership in the
18 pool; and

19 (f) The following statements:

20 (i) Voluntary or involuntary termination of membership in a pool
21 does not release a member from continued liability for all contractual
22 obligations entered into with the pool on or before the date of
23 termination;

24 (ii) All costs and expenses incurred by a pool may be assessed to
25 its members without regard for proportionality, and members may be held
26 jointly and severally liable for satisfying any financial obligations of
27 the pool;

28 (iii) A pool is not an insurance company and is not a member of the
29 Nebraska Life and Health Insurance Guaranty Association or the Nebraska
30 Property and Liability Insurance Guaranty Association; and

31 (iv) A pool is issued a certificate of authority by the Department

1 of Insurance. Each year a pool submits to the department a report of its
2 affairs and operations, and once every four years the department conducts
3 an examination of the affairs, records, and assets of a pool.

4 (2) In the event the governing body of a public agency takes
5 official action to become a member of a risk management pool, the public
6 agency's minutes on such action shall reflect that the information
7 described in subsection (1) of this section has been given to each member
8 of the governing body of such public agency as required by such
9 subsection.

10 (3) A pool that violates this section may after notice and hearing
11 and upon order of the Director of Insurance be subject to a monetary
12 penalty of not more than one thousand dollars for each violation.

13 Sec. 3. Section 44-4309, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 44-4309 (1) A member of a risk management pool may voluntarily
16 terminate its participation in the pool by giving written notice to the
17 other members of the pool and the Director of Insurance at least thirty
18 ~~ninety~~ days prior to the desired termination date. Such voluntary
19 termination shall be approved by the Director of Insurance if he or she
20 finds that the terminating member and the remaining members of the pool
21 are in good standing and have met all requirements of the laws of this
22 state, any rules or regulations adopted and promulgated by the Department
23 of Insurance pursuant to the Intergovernmental Risk Management Act, and
24 any bylaws of the risk management pool.

25 (2) A member of a risk management pool may be involuntarily
26 terminated as a member of the pool if the Director of Insurance finds,
27 after due notice and hearing, that the member (a) has failed to pay any
28 contribution or assessment due to the pool, (b) has failed to discharge
29 any other obligation it owes to the pool, or (c) has failed to comply
30 with any laws of this state, any rules or regulations adopted and
31 promulgated by the Department of Insurance pursuant to the

1 Intergovernmental Risk Management Act, or any bylaw of the risk
2 management pool. Such hearing may be initiated by the Director of
3 Insurance on his or her own initiative or at the request of the pool's
4 board of directors.

5 (3) Any member of a risk management pool which voluntarily
6 terminates its membership in the pool or which is involuntarily
7 terminated as a member of the pool shall nevertheless remain liable
8 subsequent to the date of termination for all contractual obligations it
9 has entered into with the pool on or before the date of termination.

10 Sec. 4. Original sections 44-4301 and 44-4309, Reissue Revised
11 Statutes of Nebraska, are repealed.