

ONE HUNDRED FIFTH LEGISLATURE - FIRST SESSION - 2017
COMMITTEE STATEMENT
LB239

Hearing Date: Monday January 30, 2017
Committee On: Banking, Commerce and Insurance
Introducer: Baker
One Liner: Change provisions relating to trust funds under the Burial Pre-Need Sale Act

Roll Call Vote - Final Committee Action:
Advanced to General File

Vote Results:

Aye: 8 Senators Baker, Brewer, Craighead, Kolterman, Lindstrom, McCollister, Schumacher, Williams
Nay:
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:

Senator Roy Baker
Director Bruce Ramge
Bill Dugan

Representing:

Introducer
NE Department of Insurance
Funeral Directors/Cemeteries

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative Bill 239, introduced on behalf of the Director of Insurance, amends the Burial Pre-Need Sale Act to change the distribution of excess income in a master trust. The legislation eliminates the requirement for an annual income distribution and instead allows a seller to accumulate interest and distribute later, however the income must be sufficient to fulfill required cost of living adjustments to the principal before an income distribution to a pre-need seller.

Section 1 amends section 12-1113 to eliminate the requirement in subsection (1) that income in a pre-need trust be distributed annually. New language is added to allow distribution to occur at the pre-need seller's request, after making the calculations required by section 12-1114. Additionally, original subsection (3) of section 12-1113 provides that a pre-need seller may elect to allow income held in trust to accumulate and become principal in lieu of making a cost of living adjustment and distributing income. Because the requirement of an annual adjustment is deleted, this subsection is no longer needed and is to be repealed.

Section 2 amends section 12-1114, which relates to cost of living adjustments to pre-need master trusts. The section is amended to ensure that cost of living adjustments are then considered part of the trust's principal, and that if income in a year is insufficient to provide a cost of living adjustment, any excess income in future years must first be utilized to recoup any previous years' shortage before an income distribution is made to a pre-need seller.

Section 3 provides for the amendatory repealer.

Brett Lindstrom, Chairperson