

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee March 6, 2023

SLAMA: Welcome to the Banking, Commerce and Insurance Committee. My name is Julie Slama. I represent the 1st Legislative District in far southeast Nebraska, and I serve as Chair of this committee. The committee will take up bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. Committee members will come and go during the hearing as you can see here. We have to introduce bills in other committees and are called away for that reason. It is not an indication that we are not interested in the bill being heard in this committee. It's just part of the process. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please silence or turn off your cell phones. Move to the front row when you are ready to testify and the order of testimony will be as follows: the introducers, proponent testimony, opening testimony, neutral testimony, and then the introducer's close. Testifiers, please sign in, hand your pink sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. It's my request that you limit your testimony to three minutes. If you will not be testifying at the microphone but want to go on the record as having a position on a bill being heard today, there are white tablets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearings. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We'll need ten copies. If you have written testimony but do not have ten copies, please alert a page now so we can make copies for you. To my immediate right is committee counsel Joshua Christolear, to my left at the end of the table is committee clerk Natalie Schunk. The committee members with us today will introduce themselves, beginning at my far left.

von GILLERN: Senator Brad von Gillern, Legislative District 4.

KAUTH: Kathleen Kauth, LD 31.

DUNGAN: George Dungan, LD 26, northeast Lincoln.

SLAMA: Also assisting the committee today are our wonderful committee pages Caitlyn Croft and Isabel Kolb. The committee will take up bills today in the following order: LB587 and LB69. And with that, we will open the hearing on LB587. Welcome, Senator Wishart.

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WISHART: Well, thank you, Chair Slama and members of the Banking, Commerce and Insurance Committee. I will preface this by saying I've been losing my voice over the weekend so I will speak as loud as I-- as my voice allows. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent the 27th District, which includes parts of west Lincoln and southwestern Lancaster County. I'm here today to introduce LB587, a bill to create an Insurtech regulatory sandbox program here in Nebraska. A sandbox is a regulatory approach, typically summarized in writing and published that allows live, time-bound testing of innovations under a regulator's oversight. The first regulatory sandbox was launched in 2015 in the United Kingdom, and great-- it generated great interest from regulators and innovators around the world. Since then, regulatory sandboxes have been launched in 12 U.S. states and numerous countries. States like Arizona, Utah, Wyoming, South Dakota are welcoming more firms, entrepreneurs, and investment by offering regulatory sandboxes. I feel like my teeth are going to start chattering. It is so cold in here. [LAUGHTER] I have spent over 15 years working in the Nebraska Legislature as a staff member and now a senator. And in those years I've learned that it is just as important for lawmakers to look at how we can remove outdated policy as it is for us to be introducing new laws. Every year, as you know, we introduce hundreds of new laws, many creating new regulations, and we have a long list of agencies, as I know very well in Appropriations Committee dedicated then to overseeing those regulations. It is very beneficial for our state to take a hard look at these regulations and think about whether they're truly needed or if they're standing in the way of contemporary businesses and consumers and the environment that we live in today. And that's the purpose of this bill. I've been working on this issue for several years. I've worked with the Attorney General's Office in 2019 on LR94. I introduced a broad regulatory sandbox program in 2022 under the bill, LB1127, and now I've done a really tailored approach that's very insurance specific for LB587. There are five states who have done this type of tailored, narrow approach that focuses on, on an Insurtech sandbox: South Dakota, Kentucky, West Virginia, North Carolina, and Vermont. And I want to thank Director Dunning for his support on this legislation and for his work this summer with, with me to, to support this legislation and welcome innovative ideas in our state. Unfortunately, he's traveling for business and unable to be here in person but I did submit a letter of support from him that has been passed out to you as well. So what does LB587 do? It creates the Insurance Regulatory Sandbox Act, which is located within the Department of Insurance. The department would be responsible for administering this program, including rules and regs regarding the application process and reporting requirements. It would

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review state laws and regulations that are inhibiting the creation of successful new and existing companies and then create a framework for analyzing the risk level to consumers related to permanently removing or temporarily waiving law regulations. So an applicant that is chosen to participate in this sandbox will be able to have limited access to the market in Nebraska to demonstrate an innovative offering without obtaining a license or other authorization that might otherwise be required. In order to apply, you have to confirm your physical or virtual location here in the state, your legal contact information, criminal background check, and then a description of the innovative offering and how this innovation would benefit customers does not break any federal laws, the risk potential, and why participating in the sandbox is important. If then the department approves the application, the sandbox participant has 12 months after approval to demonstrate this innovative offering, and then by written notice the office, the department may end any sandbox demonstration at any time for any reason. Extensive disclosures are also required to be provided to consumers who are participating in this demonstration project so that they know full and well that this is part of a pilot innovation before any kind of transaction is completed. So I could go on and on about this program, but I think you get the point, and I'm happy to discuss more details with you here after the hearing. We also have some experts who are following me who could talk to you about their experience with regulatory sandboxes across the country. The benefits of regulatory sandboxes greatly outweigh any distant risk. This is an opportunity for businesses and startups to collaborate with the Department of Insurance to create really smart regulation, because oftentimes regulation is not, as all of you know, not able to keep up with the pace of innovation in our country and in our state. And I think that Nebraska businesses will benefit with this increased access. And also we are creating a space for the insurance world to really look at Nebraska as sort of the high tech, business friendly state that we are for insurance providers in particular. I did want to mention the fiscal note, I see that there is a request for an FTE associated with this and would be happy to work with you and the director on ways that potentially fees could help support this. I know that they've asked for cash funds out of the cash fund for this, which is great on Appropriations, very comfortable with that cash fund. It has, it has enough. But if we want to increase the application fee to kind of offset some of that, I'm, I'm happy to work with you on that. With that, I'd be happy to take any questions.

SLAMA: Thank you very much, Senator Wishart. Are there any questions?
Senator Kauth.

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KAUTH: Thank you. You mentioned the five states that currently have this. Do you have any results from how it's been going for them?

WISHART: Yes, and there is a gentleman here who's traveled to, to be able to talk to you just about that.

KAUTH: Thank you.

SLAMA: Thank you, Senator Kauth. Additional questions? Senator Bostar.

BOSTAR: Thank you, Chair Slama. Thank you, Senator Wishart. I just wanted to maybe provide you with an opportunity to respond to the submitted comments on the bill.

WISHART: Oh, I have not, I have not seen the submitted comments.

BOSTAR: There are, there are a couple that are in opposition because your legislation would be defunding K-12 education.

WISHART: Oh, maybe that was the wrong submission.

BOSTAR: There are two of them that are like that and I just-- so I just wanted to give you an opportunity to, if you haven't read them then that's fine, but I wanted to at least give you the opportunity to read them.

WISHART: I think maybe there was an error as to-- I don't think this-- this does not touch the-- any education statutes so I'd have to look at those and get back to you.

BOSTAR: If you want to speak to them on your close, I'll give them to you now.

WISHART: Thank you. And-- but I do think that what you're going to see is support from the Department of Insurance, as well as some other insurance providers and the chamber of commerce. And I'd be happy to acknowledge those letters at my closing. Thank you.

SLAMA: Thank you, Senator Bostar. And just for the record, I Googled LB587 from 2021, and I believe those letters were in response to 2021's LB587 if I'm looking at those correctly, possibly. In any case, additional questions? Senator von Gillern.

von GILLERN: Thank you, Chair Slama. Thank you, Senator Wishart. Maybe someone behind you can respond better and maybe this is so top secret that you can't, but can you share any samples or types of product

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offerings that may, may be-- that are going to be considered under the sandbox? What, what are some--

WISHART: Yeah,--

von GILLERN: OK.

WISHART: --behind me--

von GILLERN: I've seen you wave behind you.

WISHART: Yeah, they'll tell you the--

von GILLERN: OK. Perfect.

WISHART: --they'll tell you the stories of--

von GILLERN: All right, we'll sit tight.

WISHART: --of these opportunities--

von GILLERN: Thank you.

WISHART: --that will be very helpful.

SLAMA: All right. Additional questions from the committee? Seeing none, thank you, Senator Wishart.

WISHART: Thank you.

SLAMA: We'll open up proponent testimony for LB587.

NICOLE FOX: Good afternoon, Chairwoman Slama and members of the Banking Committee. Nicole Fox, N-i-c-o-l-e F-o-x, director of government relations for the Platte Institute. We strongly support LB587 to establish an insurance sandbox in Nebraska. We feel it's very important to be fostering innovation and welcoming workforce talent to our state. So tech entrepreneurs are constantly thinking of innovative ways to address consumer needs, and they do this at a pace that out-- that outpaces regulators. The goal is to provide a temporary opportunity for innovators to test a product or service under regulatory supervision, but with some flexibility. Sandboxes may be industry specific like this sandbox proposal or universal, meaning any industry can participate. And as Senator Wishart said, applicants must meet strict criteria to participate. Sandbox participants are not limited to startups. Existing insurance companies can use them to test new products and offerings. A regulatory sandbox does not create a

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regulatory free for all, it doesn't create an unlevel playing field, and it does not put the public at risk. Nebraska is home to a booming insurance industry, and it's a national leader in terms of crop and farm premiums. In fact, last fall there was a conference that was held, and it's held here annually, I just-- I went for the first time last fall, called Insurtech on the Silicon Prairie, and there were attendees there from 43 states and multiple countries, including United Kingdom and Israel. So sandboxes provide an opportunity for collaboration. They provide an early opportunity for regulators to keep the market on the correct side of the law while allowing startups entrance in the market with compliance in mind. They encourage evidence-based policymaking. Sandbox participants are the litmus tests for arbitrary regulatory assumptions. Outcomes may reveal that, yes, regulations are appropriate or, no, they are outdated, burdensome, or costly. Sandboxes provide a means for government transparency. Novel ideas are made public. Participants must prove to regulators that they will ensure consumer safety and disclose to consumers that they are a sandbox participant. A Mutual of Omaha representative commented that sandboxes are in the consumer's best interest. We deliver promises to consumers to protect them. Specific to insurance, the demand for novel insurance products is increasing that many people are underinsured and under protected. There is a gap between the level of protection people should have and what they actually have and often this is due to economic issues. Competition and innovation reduce consumer prices. And because I'm a little bit limited on time, I know, Senator von Gillern, you had a question about some potential applications for the use. And I know that there might be someone talking about that behind me as well, but some potential things that applications could center around would be things like improved claims processing, the use of things like wearable devices or home devices to help assess risk. Also connecting insurance companies with benefits carriers, using drones to, to retrieve claims data. So those are just, you know, and there's, there's ideas that we haven't thought about. But if technology can improve a customer experience, make us safer, or make our busy lives less stressful shouldn't we facilitate that? So with that, I conclude my testimony. And if anyone has questions, I'm happy to answer.

SLAMA: Thank you, Ms. Fox. Are there any questions from the committee? Seeing none,--

NICOLE FOX: All right.

SLAMA: --thank you very much. Additional proponent testimony for LB587? Good afternoon.

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ROBERT M. BELL: Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell. Last name is spelled B-e-l-l. I'm executive director and register lobbyist for the Nebraska Insurance Federation, the state trade association of insurance companies. I'm here today to testify in support of LB587. I've also been asked to add the support of the Nebraska Chamber, the Omaha Chamber of Commerce, the Lincoln Chamber of Commerce, and the American Property Casualty Insurance Association to the record in support. Insurance, like most other areas of business and the economy, is in the midst of a transformation. Technology is fundamentally changing how insurers-- or how consumers interact with insurance. The expectation, especially for younger generations, is that insurance will seamlessly interact with technology. In the insurance world, the term for technological innovation and insurance is Insurtech. Similar to Fintech in the banking world, Insurtech is one of the most powerful forces in transforming the consumer experience. As more and more people rely on their mobile devices and more young people enter the workforce and have their first experience purchasing insurance, the expectations of consumers is changing. The Insurtech movement is embracing this change and as both as startups look to disrupt traditional insurance ideas and incumbents, i.e. existing insurers, look to exploit technology to revolutionize the policyholder experience. The problem is that for numerous good reasons, insurance is one of the most heavily regulated industries in the United States. I know Senator Jacobson may disagree with that. The insurance code in the various states have numerous consumer protections in place to protect policyholders from unfair trade practices. As a result, new technologies that emerge to benefit consumers are often met with statutory roadblocks. Over the past few years, the Legislature has removed some of the more antiquated roadblocks, such as e-delivery of notice of policies and the P&C and Lifespace and is currently working on LB392 for health e-notices. Thank you, Senator Ballard. Last year, the Legislature updated insurance rebate prohibition laws with the provisions of LB1042, which passed in the committee insurance omnibus package LB863. Thank you, Senator Bostar and the committee for the work on those bills. Before you today is the sandbox bill, LB587. As you've already heard, it's a statutory scheme that will allow the Department of Insurance to waive insurance code provisions on a temporary basis to test certain innovative insurance products or services which would permit the sale by an entity not otherwise licensed or authorized. As Nebraska continues to seek out new Insurtech entities and ideas, whether it's innovative companies locating to Nebraska or innovative products sold to Nebraskans, Nebraska insurers believe that the sandbox outlined in

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LB587 will serve an important framework to let Insurtechs know that Nebraska is open for business. Under the watchful eye-- and I see my time is up. I have another paragraph, may I finish?

SLAMA: I guess.

ROBERT M. BELL: OK. Thank you very much. LB587 puts up, up guardrails around the sandbox to provide a number of consumer protections that cannot be waived, such as accreditation laws, unfair trade and settlement laws, certain capital requirements, and provisions related to producers. We believe those protections are important, are important and necessary. But as the committee contemplates a language of LB587, the Federation members would suggest reviewing some of the following points for clarification. And I've talked with Senator Wishart about working on some of these areas, but they do include requirement of the payment of taxes, how that would work. We believe that the lack of guarantee fund coverage should be disclosed to the consumer. And we, and we feel pretty strongly about this, that the, the sensitive nature of trade secrets and innovations involved require explicit protections in the law so that they will be treated confidential by the Department of Insurance. But these are just relatively minor tweaks to the legislation. We are very supportive of regulatory sandboxes and for those reasons we urge you to advance the bill. Thank you.

SLAMA: Thank you, Mr. Bell. Are there any questions from the committee? Senator Jacobson.

JACOBSON: I'm not even going to go down a different road because I'm going to have my opportunity later here so I'm going to ask you--

ROBERT M. BELL: Sure.

JACOBSON: --a question with regard to the specific bill--

ROBERT M. BELL: Yeah.

JACOBSON: --on what are the limitations in terms of what you would see in the sandbox? In other words, are you-- would there be anything in the payment system, would it just be specifically insurance type products?

ROBERT M. BELL: The way this is drafted, it is specific to insurance-- innovative insurance products or services. So it wouldn't be able to expand beyond that. And they're actually in those kind of guide rails or fence around the sandbox, it, it prohibits the Director of

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Insurance from waiving other statutory requirements that are outside his jurisdiction. So, as you know, like bank products and insurance products can, you know, be closely related, it would not allow the department to go over into the Department of Banking and Finance's laws and regulations and waive some sort of, of rule or statute there.

JACOBSON: Great. Great. Thank you.

ROBERT M. BELL: You're welcome.

JACOBSON: I've got some other ideas you could maybe think about, but I'll get to that later.

ROBERT M. BELL: OK. Well, I'm sure we'll hear more about that later.

JACOBSON: Yes, you will.

SLAMA: Thank you, Senator Jacobson. Are there any additional questions from the committee? Seeing none, thank you, Mr. Bell.

ROBERT M. BELL: You're welcome.

SLAMA: Additional proponent testimony for LB587? Seeing none, is there anybody here to testify in opposition to LB587? Seeing none, is anybody here to testify in the neutral position on LB587? Good afternoon.

REES EMPEY: Hello, Chair Slama and members of the committee. My name is Rees Empey, R-e-e-s E-m-p-e-y, and I'm the director of state government affairs at Libertas Institute, a nonprofit based in Utah. And it's great to be back in front of this committee to talk about sandboxes because it's something we've worked on extensively in Utah and across the country. For those who may not know, a regulatory sandbox enables innovators, businesses both big and small, old and new, to work with regulators and legislators in trialing new products, services, and business models while regulations inapplicable to their idea are temporarily waived. At the same time, consumer protection is built into these sandboxes because an idea that will obviously hurt consumers won't make it past the application process and regulators, while a trial is taking place, are in constant touch with these businesses through reporting requirements. On top of that, businesses aren't immune from being held civilly liable if their product causes harm to consumers. In other words, let's say I have a great new idea, an innovative one, but there's a regulation that's a bit outdated or inapplicable standing in the way, I'd approach the sandbox, highlight my great idea, outline the regulations that are preventing me from

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getting onto the market and upon acceptance into the sandbox I'm allowed to trial this product under the watchful eye of the regulator for typically one to two years. Now during this period, I'm reporting to the sandbox administrator, which would be the Director of Insurance here in Nebraska, and they then repair-- prepare a report on recommended reforms or even repeals based on the data coming from the sandbox. This sandbox creates a dynamic regulatory reform process by inviting the business community to the table to highlight troublesome regulations so that those rules or regulations may be reformed. And in the long run, the state possesses a more welcoming regulatory environment for the innovations of tomorrow. This concept began in, in 2014 when the United Kingdom launched the world's first sandbox and targeted financial technologies or Fintech. Shortly after countries such as Japan, Singapore, Australia, and several others began implementing their own while expanding the concept to other industries. Stateside in 2018, Arizona passed the United States first sandbox and also targeted financial technologies, and something similar began to happen. States such as North Carolina, Hawaii, Connecticut, Vermont, Utah, Florida, and others implemented sandboxes of their own while expanding the application to industries such as healthcare, insurance, agriculture, energy, and others, all with strong bipartisan support. Since I testified in this committee last year, Arizona has expanded its Fintech sandbox to universal to include any and all industries, Connecticut implemented the country's first energy sandbox, and Ohio approved their first financial technology sandbox, bringing the total number of sandbox states to 13. On top of that, the National Council of Insurance Legislators, a bipartisan group of insurance legislators from across the country, approved model language which looks identical to LB587. In Utah, we worked on a handful of these, eventually ending with a universal sandbox and dissolving some of our more industry targeted to just bring it under one roof. And we're excited about this sort of concept because it invites the business community to the table to highlight what's standing in the way of innovation while building meaningful relationships with regulators and legislators that will create a more welcoming environment for innovation to come to the state. I see I'm out of time again. Thank you for the opportunity and I'd be happy to answer your questions.

SLAMA: Thank you very much, Mr. Empey. Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Slama. OK, so the goal of the sandbox is to test out a product or an idea, work out the kinks, figure out what the

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regulatory hurdles are that need to be changed. How does one exit the sandbox?

REES EMPEY: Yes, so ideally, this, you know, this business from the outset in the application process highlights the regulation or works with the Department of Insurance to figure out which regulation is preventing them in the first place, because not every startup even knows. And through the trial, data is gathered. You know, how many consumers are you offering this product to, etcetera, so then that regulation or statute can be reformed or even repealed so that that business may exit the sandbox and get on the full market legally outside of the sandbox?

KAUTH: Thank you very much.

SLAMA: Thank you, Senator Kauth. Any additional questions from the committee? Seeing none, thank you very much, Mr. Empey.

REES EMPEY: Thank you.

SLAMA: Additional neutral testimony for LB587? Good afternoon.

ANN AMES: Good afternoon, Senators. I'm Ann Ames, A-n-n A-m-e-s, and I represent the Independent Insurance Agents of Nebraska. We would, first off, like to thank Senator Wishart for her efforts and desire to make Nebraska pro-business and a pro-insurance state. And we are coming in in the neutral capacity on this bill. We do have a few concerns, but I would like to preface, excuse me, that we have also had conversations with Senator Wishart, and she has expressed her willingness to work through some of those with us and address some of our clarifications. You know, our biggest concern is, of course, the risk it poses to Nebraskans and the potential damage that it could do to our independent agents. Just our industry is built on rules and regulations, as you know, for the betterment of our customers. Our agents receive a tremendous amount of training and education in order to provide that service and we're concerned about the sale of products and services potentially by people without the same knowledge. So in our initial conversations with Senator Wishart, we have a few things that we're hoping to get clarification on. We'd like to understand, does this go forever? Is there a sunset provision? What's-- how can we define the limited scope of the products and the-- and programs? How do you measure success for the regulatory sandbox? We'd like more clarity around some of the timelines. We'd like some clarification on the process to migrate those products over. So how do they go from the sandbox to becoming a successful enough product that they can be

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regulated and licensed like the rest of our products? So really, we, we-- I feel better after having heard that she-- you know, there are plans to do extensive notifications to customers and outreach to make sure that they understand we really just don't want our customers to be taken advantage of in any capacity and we want to make sure that they're getting the same quality that we would provide otherwise. So on behalf of that, we're looking forward to working with Senator Wishart and trying to make this something that is agreeable for everybody and we're always excited about new things. So on behalf of the 2,000 member agents we have, we, we are looking forward to seeing where this goes.

SLAMA: Thank you, Ms. Ames. And I'm grateful to hear that you're willing to work with Senator Wishart to work out any kinks you see coming down the road with this bill. Are there any questions from the committee? Seeing none, thank you very much. All right. Additional neutral testimony for LB587? Seeing none, Senator Wishart, you're welcome to close.

WISHART: Thank you. Just a couple items to address. First of all, just want to clarify that should there be a valuable product that's found through this process and should there be some regulations that need to be changed, the director of the department would still have to come before the Legislature and, and get those changes statutorily. And then lastly, I wanted to say thank you, Senator Bostar, for, for pointing out the opposition comments. After reading this, it looks like this opposition was for a different bill.

BOSTAR: It does.

WISHART: We'll address that with the Clerk's Office.

SLAMA: Great. Thank you very much, Senator Wishart. Are there any questions from the committee? Would you be willing, just before you head out, be willing to address some of the concerns raised about just the different kinks in the bill, especially from the independent insurance agents?

WISHART: Yeah, so I've, I've talked to them about sitting down with the director of the department as well. And some of the questions that were posed are things that will kind of be figured out through the rules and regs making. And so-- but happy to add some statutory language to, to make agents feel comfortable. My goal is not, is not to-- and clearly not to deal with accreditation or, or any of that. The goal is to provide a space for these agents and companies to

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have-- to pilot their products and to look at what are some of the rules and regs that are bringing everybody down and how we can streamline that approach. But again, I've talked with them and willing to work with them on an amendment and hopefully we can come to a, a way where they'll come in support of it.

SLAMA: Great. Thank you, Senator Wishart. Are there any additional questions from the committee? Seeing none, thank you very much.

WISHART: Thank you.

SLAMA: For the record, there are two letters in opposition for LB587. But again, we're going to clarify those with the Clerk's Office. This brings to a close our hearing on LB587 and we will now open our hearing on Senator Jacobson's LB69. Welcome, Senator Jacobson.

JACOBSON: Hey, great to be here. Well, Chairperson Slama and members of the Banking Commerce Committee [SIC], my name, as you know, is Senator Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n. I am here to introduce LB69. LB69 would prohibit a policy of life insurance subject to an assignment from being terminated or lapsed by reason of default in payment of any premium unless a notice of pending lapse or termination of the policy has been provided by the insurer to any known assignee at least 30 days prior to the effective date of the lapse and termination. Importantly, LB69 would only apply to insurance policies issued on or before the effective date of the act. The bill would also allow a senior citizen to designate a third party to receive notice of a pending lapse or termination. When a bank makes a loan to a borrower, the borrower signs a promissory note. The bank typically takes a lien on some type of collateral of security for the repayment. While many loans are secured by real estate vehicles, securities, and other personal property, a borrower may also pledge his or her interest in the cash value or the death benefit under a life insurance policy pursuant to a collateral assignment. A collateral assignment is executed by the bank and the borrower, typically on a form provided by and subject to acceptance by the insurance company that has issued the policy. In the event of default in payment of the promissory note during the borrower's lifetime, the bank may pursue the assignment to be able to realize on the existing cash value under the policy, or if the borrower has passed away with an outstanding loan balance the death proceeds may be used to the extent necessary to pay off the loan. The issue has initially-- was initially brought before this committee in the form of the LB535 in 2021. This, this followed an intense-- an instance where a term life insurance policy for which the lender had taken a collateral assignment had been terminated for

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nonpayment of premium without any prior notice having been given to the lender. Under current law, an insurance company when accepting an assignment of collateral in the life insurance policy is not required to contact the assignee or send any premium notices or lapse notices to the assignee prior to the termination unless there is provision included in the collateral assignment form or policies specifically requiring such notice. LB69 is more dare-- more narrowly tailored than LB535. And to my knowledge it had nothing to do with school funding from 2021. First, LB69 only applies to new policies issued after the effective date. This is made-- this was made to address concerns over the impairment of contracts and other concerns raised by the insurance industry. Second, LB69 allows for electronic notices. Next, LB69 puts the onus on the assignee. In our example, the bank to affirmatively execute an assignment form and to present, present such-- request such notice. If notice is not affirmatively requested by the assignee, the insurance company is not subject to the notice requirements. There are a number of states including Washington, Maine, Massachusetts, New York and California, and others which have notice of termination or lapse of life insurance policy statutes similar to that proposed under LB69. However, LB69 is more narrowly drawn than the statutes in these others states. This is a minimal burden on insurance companies, especially in that it will only affect policies issued after the effective date. Also, contained in Section 2 of LB69 are provisions which allow designation of a third party to receive notices of pending lapse or termination by senior citizens. Such notice provisions are common for long-term care insurance policies and part of an ongoing industry-wide effort to prevent financial loss of senior citizens. I will work with the Nebraska Bankers Association and the insurance industry to find common ground on this bill and look forward to continued discussions. Since I don't plan to return, I'm working on another bill in TNT, I probably will not come back for a close so you're welcome, but I will deal with just a couple of thoughts here. I'd entertain any questions, but I'd also like to just mention that at the end of the day, we just heard about an insurance sandbox. I would hope that if we can move into doing things like an insurance sandbox that we can figure out how to make sure that a policy doesn't lapse when we've got a bank who's assigned the policy, the policy assigned to them from being terminated, and that we can also find a way where senior citizens aren't going to end up in a case where they have dementia or some other issue and their policy lapses because they did not realize that the premium was due or they weren't in a mental capacity to where they could make that happen. We need to work through these commonsense issues to be able to bring real solutions. I also want to compliment Mutual of Omaha and Ameritas when we did meet. My

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understanding is that their policies do provide for this. However, as you know, there are a number of independent agents across the state who many of our customers work with and who want to continue to work with and the companies that they write, write for may or may not provide this kind of information. So we think it's common sense, we think it's time for this to be a part of statutes. And so we're going to push hard to continue to try to get an agreement with the industry to move this forward. And with that, I'm going to stop and take any questions.

SLAMA: Great. Thank you, Senator Jacobson. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Thank you, Chairwoman Slama. Senator Jacobson, just on a quick read of the bill. Forgive me for if this is an elementary question. You mentioned several times bank assigned policies, not every insurance-- life insurance policy is bank assigned?

JACOBSON: Correct.

von GILLERN: Does this only apply to bank assigned policies?

JACOBSON: It does.

von GILLERN: OK.

JACOBSON: Yeah, that-- that's the only-- yeah. So actually, if you look at the senior citizen one that could, that could apply to a broader group.

von GILLERN: OK.

JACOBSON: What our narrow interest is and what our narrow focus, focus is from a bank standpoint is if the bank is going to be notified, it's when the bank has a specific interest in the policy. And as you probably well know, being a businessman yourself, when we loan money to a key person, when you were running your construction company--

von GILLERN: Had to have insurance.

JACOBSON: --you probably had some policies out there. Something happened to you, they needed to be able to figure out a way to keep the company working.

von GILLERN: Right.

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JACOBSON: So under that arrangement, we have that same situation in the bank. We, we bring in a new position, loan them a bunch of money that's going to be repaid with their income. I need a disability policy and I need a policy if they should pass away prior to that loan being repaid. So we take an assignment of the policy and we work with the insurance companies to get their specific assignment form. So the insurance company knows that that policy is assigned and who it's assigned to. So if it's assigned and they already have that as part of their records, we believe that we'd like to have them go one more step and also be prepared to send us notices before any adverse action would happen on that policy so that we can keep the policy in force just like we would in any, in any other case where, where there would be some issue, their real estate taxes, something happens, we need to be able to step in and preserve our collateral.

von GILLERN: So they're already sending notices to the policyholder, but not to the, to the third party of--

JACOBSON: Assignee.

von GILLERN: --in this case, the bank who the policy has been assigned to.

JACOBSON: Correct. In fact,--

von GILLERN: OK. Thank you.

JACOBSON: --they're going to send multiple notices.

von GILLERN: That adds clarity. All right. Thank you. One other quick question. Is, is there any sense in-- do you have any sense that this is part of-- if this was a product that was being sold, sometimes the term "planned obsolescence" is used where it's designed-- by design, you know, it's going to die at a certain point. Is there-- do you get any indication that that's part of, part of the design of these policies?

JACOBSON: Well, I would tell you that I think under the current underwriting, which is why we, we made this subject only to new policies written after this statute would be enacted is so if they've already factored in from an actuarial standpoint that they're, that they're counting on a certain percentage of these policies to lapse due to nonpayment of premium, then, which I believe is the case, then, then where they can go re-- re-rate these policies, the new ones, to be able to understand that if they're going to be assigned and there's

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going to be the notice requirement that they can properly rate those and price those.

VON GILLERN: OK. Thank you.

JACOBSON: Thank you.

SLAMA: Thank you, Senator von Gillern. Senator-- nope, OK. Additional questions from the committee? Seeing none, thank you, Senator Jacobson.

JACOBSON: And I'm going to waive closing so I can head back to TNT so thank you.

SLAMA: Sounds great.

JACOBSON: Appreciate it.

SLAMA: All right. We'll now open it up for proponent testimony on LB69.

KEVIN POSTIER: Thank you, Senator Slama and members of the Banking, Commerce and Insurance Committee. My name is Kevin Postier, P-o-s-t-i-e-r. I'm president, chairman, and CEO of Henderson State Bank in Henderson, Nebraska, and here to testify in support of LB69. As Senator Jacobson recently-- or just, just testified, under current law it's possible for an assigned life insurance policy in Nebraska today to be canceled for nonpayment of a premium without the bank having the knowledge or opportunity to either protect our position by paying the premium for the customer or even given notice of the cancellation of the policy. Recently, our bank did experience this very situation. We had a customer who had assigned a sizable life insurance policy to our bank as collateral. This was a ten-year policy with an automatic renewal provision. Our bank contacted the insurance company and filled out the necessary paperwork provided by the company at the inception. We received a signed acknowledgment back from the company, the acknowledgment was placed in our customer's bank file and the bank made a loan based on the value of that life insurance policy as collateral. A couple years later, the customer's financial position began, began to deteriorate and the bank contacted the insurance company again to verify that the life insurance assignment was still in effect. The bank received a verification from the life insurance company that the policy was in fact in place and assigned to our bank. Unfortunately, a couple of years later, our customer died. We contacted the life insurance company to inquire about the process of filing a claim. We were notified that the policy had lapsed due to

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nonpayment of the premium by our customer and that our bank did not have a claim under the policy. We contacted the Nebraska Insurance Commissioner's Office to pursue this further and they stated, stated that the insurance company was not required to provide the bank a notice when the premium was past due or prior to the cancellation of the policy by the company. Excuse me. So in short, the bank had relied on the acknowledgment of the assignment of life insurance company by the company as collateral to make a loan to our customer. The loan became significantly under collateralized due to the action of the insurance company, but unlike personal property and real estate there's nothing in current banking law that protects the assignee from their collateral disappearing. I'm here to request that the Legislature provide a remedy to protect future assignees. In our situation, there's nothing that can be done to correct this from a legislative standpoint. But LB69 would provide protection to assignees of life insurance companies in the future, and that would protect their collateral. I would strongly request the support of LB69 for these reasons. That concludes my testimony. Are there any questions?

SLAMA: Thank you very much, Mr. Postier. Are there any questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair Slama. Thank you, sir, for being here. How often does this scenario happen?

KEVIN POSTIER: It's not a frequent event. I would say it's probably a secondary form of collateral in many cases, but it is an important form of collateral. In our case, it was a very significant amount, certainly a very significant difference. So it's important that if, if it is collateral that the process is known and there aren't any surprises in the process of, you know, collecting on the assignment so it's not a frequent event. Most, most life insurance policies are not assigned, but there are some that are and oftentimes in the case of what Senator Jacobson testified earlier, in the case of a key man policy where you have one person that is very significant to the loan relationship, you need to have coverage on that person because it's, it's their contribution to the company or the, the, the operation that makes the company successful and able to repay your loan.

BOSTAR: Oh, thank you.

SLAMA: Thank you, Senator Bostar. Additional questions from the committee? Seeing none, thank you very much, Mr. Postier.

KEVIN POSTIER: Thank you.

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SLAMA: Additional proponent testimony for LB69? Good afternoon.

RYAN McINTOSH: Good afternoon, Chairperson Slama, members of the committee. My name is Ryan McIntosh, M-c-I-n-t-o-s-h, and I appear before you today as a registered lobbyist for Nebraska Bankers Association in support of LB69. I will not restate what has already been said by Senator Jacobson and Mr. Postier, but I will make a few notes on what they testified to. As Mr. Postier noted, this may not be a common occurrence where these lapses occur. But when it does occur, it is significant and we're talking about significant loss. And I do want to talk a little bit about exactly what happened in the Henderson State Bank case. In that case, the policy was a term life insurance policy with a ten-year initial term. I reviewed the documentation for the Nebraska Department Insurance, including a rebuttal letter from the insurer. Although the ultimate lapse occurred after the initial ten-year term, the policy continued just with a higher premium. Having reviewed the file, it is clear that the policy lapse for nonpayment of premium after the borrower received not one but two notices regarding the pending lapse of the premium for nonpayment. The bank received no such notice despite having accepted the assignment form. As Senator Jacobson said there are a number of states that include somewhat provisions. However, for each of the states that we have reviewed, LB69 is more narrowly drawn and tailored and puts more of a burden on the assignee to claim notice. LB6-- and examples of these are, one, that this would only apply prospectively. In other words, only the policies that are in effect after the effective date, written after the effective date of the act; that only requires the notice to be provided for nonpayment of an insurance policy premium; allows the insurer to satisfy the notice requirements by electronic means; and only triggers a requirement to provide notice if the lender/assignee has made a specific request for the notice. We anticipate you'll hear a few arguments from the insurance industry in opposition to LB69. It may be suggested that LB69 allows an insurance policy to continue indefinitely, and this is not the case. The language provides that the policy may lapse after 30-days notice have been provided to the assignee. There's nothing definite about this. It is simply a 30-day notice requirement. Second, this should not be seen as a mandate on the insurance industry. When an insurer elects to allow collateral assignments of policies, and accepts those assignments, notice should be given to the assignee prior to lapse. In nearly every other instance where collateral is pledged to secure a loan, the bank or lienholder is protected by notice requirements in statute. You may not foreclose upon real estate or dispose of a vehicle or sell grain without notice to known lienholders. Last, you may hear a suggestion

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that the lender should not be entitled to notice because it is not a party to the original contract between the insurer and the insurance company. This is not a matter of a lender infringing on a contract between an insurance company and its customer. Through these assignments insurance companies provide certain rights to, and restrictions upon the assignee, and must be accepted by the insurance company to become effective. With that, I'll wrap up and just state as Senator Jacobson said we look forward to working with the insurance industry to address these issues.

SLAMA: Thank you very much, Mr. McIntosh. Are there any questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair Slama. Thank you, sir. I just-- so let's say under this provision, the, the bank would receive a notice that says, you know, the, the, the holder of the insurance policy that's collateralized is not paying. Right? What would the, what would the bank do in that situation?

RYAN McINTOSH: So the bank would be able to do a few things. One, could pay those premiums or, two, could go after the customer before it's too late to insure that the loan is-- there's substitute collateral for that. It gives the bank an opportunity to remedy the issue. As you heard from Mr. Postier midway through the loan they, they contacted the insurance company and verified that the loan was still in-- that the policy was still in place and in good standing. And so any suggestion that, you know, the bank ought to be doing this daily or weekly to ensure that it's covered,--

BOSTAR: Sure.

RYAN McINTOSH: --I think is a little far fetched. So it gives, it gives the, the, the lender, the assignee, an opportunity to, to secure either through payment or accepting new collateral for the loan.

BOSTAR: OK. Thank you.

SLAMA: Thank you, Senator Bostar. Additional questions from the committee? Seeing none, thank you, Mr. McIntosh.

RYAN McINTOSH: Thank you.

SLAMA: Good afternoon.

DEXTER SCHRODT: Good afternoon, Madam Chair, members of the committee. My name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t. I am president

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and CEO of the Nebraska Independent Community Bankers Association, here to testify in support of LB69. We thank Senator Jacobson for bringing the bill to address this issue. As you're aware, there's two sections in the bill. Section 2 I see is a public policy decision the Legislature can make as to regards with senior citizens and the situations they find themselves in, especially in preventing elder abuse. But Section 1 of the bill should really not be seen as a public policy decision as much as remedying something the law forgot to cover. You know, an assignment is a contractual obligation, a contractual agreement. And as we heard, the insurer already knows of the assignment so they're aware there is an assignee under the policy. So the assignee, and in this bill the bank since it is narrowly tailored, deserves the same when their legal rights are impacted by the lapse or termination of the policy. So we would agree with Senator Jacobson that, that this bill is common sense. You know, we're not talking about a simple beneficiary relationship here. We're talking about a contractual relationship. So under that, the bank takes all obligations of the insurance company so it's almost as if the insurer and the financial institution are the ones in agreement with each other. So it makes sense that when the policy lapsed that one communicates with the other. So we would ask for your support of LB69. Hopefully, we can find a home for it this year and move it along and, and remedy this issue. So thank you.

SLAMA: Thank you, Mr. Schrodt. Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Slama. So it says that the senior citizen insured will designate the third-party individual. They are responsible to notify the insurance company. How does that process work?

DEXTER SCHRODT: That's a good question. Since this is a new provision, I think that would take some, some time to work through. I believe under the bill, the financial institution is required to notify the insurance company.

KAUTH: OK.

DEXTER SCHRODT: So I would assume that we would go through the same avenue the consumer goes through in contacting the insurance company, although given that a little more sophistication than a simple consumer, you know, our financial institutions might know better contacts within the insurance company and where to send that, such as their legal department and that sort of thing.

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KAUTH: OK. Thank you.

SLAMA: Thank you, Senator Kauth. Additional questions from the committee? Seeing none, thank you, Mr. Schrodt.

DEXTER SCHRODT: Thank you.

SLAMA: Additional proponent testimony on LB69? Good afternoon.

TODD STUBBENDIECK: Good afternoon, Chair Slama and members of the Banking, Commerce and insurance Committee. My name is Todd Stubbendieck, T-o-d-d S-t-u-b-b-e-n-d-i-e-c-k, and I'm the state director of AARP Nebraska here testifying in support of LB69. AARP is particularly interested in Section 2 of this bill that would allow people 65 and older with a life insurance policy to be able to designate one third-party individual who could receive notice of significant change to the status of a life insurance policy, including policy cancellation, nonrenewal or conditional renewal. Having a life insurance policy for many people is a critical part of their financial planning for themselves and their families, and it can represent decades of financial investment. That life insurance policy may be in place for numerous reasons, including paying funeral expenses, covering personal debt, protecting children, providing an inheritance, or providing peace of mind to a remaining spouse. While none of us like to think about it, the truth is, as we age, the likelihood increases that we will experience physical and mental declines, which unfortunately can affect our ability to manage personal and financial decisions. This includes making sure premium payments are current. People in these situations may not receive due to hospitalization or other reasons, or may not realize they've received a notification that their policy will lapse or be canceled because of nonpayment of premiums. It's also possible there could be a significant decline that could cause a mistake in cancellation. In that situation, it is possible that no one else may be aware the person has a life insurance policy, that premiums have not been paid, or the cancellation of the policy is imminent. This could lead to an unintentional cancellation of that policy. Under LB69 people 65-plus could designate a single third-party representative to be notified before a policy is canceled and help ensure that policy is not canceled due to a mistake or oversight by the older adult. We do not believe the designation of one third-party representative or the notification process of significant change to a policy outlined in LB69 represents an overly burdensome requirement, especially when weighed against the potential devastating financial loss that could occur in these situations. For these reasons, AARP Nebraska supports LB69 as a commonsense consumer

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protection that will directly benefit older Nebraskans. We'd like to thank Senator Jacobson for introducing LB69 and I thank the committee for the opportunity to comment. We'd ask you to support and advance the bill.

SLAMA: Thank you very much. Are there any questions for the committee? Seeing none, thank you.

TODD STUBBENDIECK: Thank you.

SLAMA: All right. Additional proponent testimony for LB69? Seeing none, we'll now move to opposition testimony for LB69. Welcome back.

ROBERT M. BELL: Good afternoon again, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell. Last name is spelled B-e-l-l. I'm executive director and registered lobbyist for the Nebraska Insurance Federation. The Nebraska Insurance Federation is the state trade association of the insurance industry in Nebraska. I'm here today to testify in opposition to LB69. I would like to express my sincere appreciation to Senator Jacobson, even though he's not here, and the banks for reaching out to insurers on this issue and for the discussions we have had since the legislative bill's introduction. Within the Federation, the life insurance companies have had significant discussion about the legislation. As you know, Nebraska has a strong domestic insurance industry, particularly in the life insurance industry section. Companies such as Mutual of Omaha, Ameritas, Pacific Life, Assurity, WoodmenLife, Physicians Mutual, among others, call Nebraska their domestic home. As they analyzed and discussed the legislation, the life insurers have a number of concerns about the legislation. The bill, as you have heard, is seeking to solve an issue of notice to a bank who is the collateral assignee of a life insurance policy when the life insurance policy is going to terminate or lapse because of nonpayment of premium. The second section of the bill would require an insurer who has enforced policies with senior citizens to permit the senior citizen to designate a third party to receive various notices from the insurer. First, on the assignment issue, insurers believe market-based solutions already exist. Many insurers, including some in the Federation, as Senator Jacobson has mentioned, already provide in their life insurance contracts that notice of nonpayment of premium will be sent to assignees. It's imperative that a bank read the contractual provisions of the policy before accepting the collateral assignment or, or be prepared to accept the risk. Further, products such as credit life, newly issued insurance policy, nonrevocable beneficiaries or policy transfers could be used to satisfy a

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collateral requirement. Under the Interstate Insurance Compact, of which Nebraska is a member, some products such as Universal Life, are required to provide such notice provisions in new contracts. The market already has solutions available. The Federation has pledged to work with the Bankers Association on education related to what insurance products are available to meet both the policyowner and bank needs and will continue these discussions with the banks and the senator on any possible consensus statutory possibilities. Second, on the senior citizen third-party notification issue, while the insureds certainly appreciate the proponents' interests of protecting senior citizens, a position shared by the insurers, the section of the bill has a number of issues. First, it would impair existing contract between the policyowner and the insurer. The law looks unfavorably upon efforts of statutes to impair existing contractual obligations by retroactive applicability. Second, the provisions contain a requirement that an insurer mail out notice annually to senior citizens. This would be a costly endeavor for insurance companies, particularly when similar to the first section, marketplace solutions already exist. Senior citizens who are policyowners or are concerned can utilize existing policy provisions or power of attorney to get the notice in the correct individuals' hands. Also, not all insurance products are created equally on purpose. As an example, consideration should be given to the treatment of individual versus group policies, single pay life insurance versus monthly pay, etcetera. Similar to the issues with assignment, senior notice issue is one right for further discussions and we look forward to the opportunity to further-- to have further discussions with Senator Jacobson and the proponents. For these reasons, we respectfully oppose the passage of LB69. Thank you for the opportunity to testify.

SLAMA: Thank you, Mr. Bell. Are there any questions from the committee? Yes, Senator Kauth.

KAUTH: Thank you, Chair Slama. So regarding the it's too expensive to mail out a notice to people, how many notices on average do insurance companies mail out to their customers? Just in general, updates or marketing or things like that, because it seems like that would be a fairly inexpensive thing to do.

ROBERT M. BELL: It-- maybe, depends how many policyholders you have. I don't-- mail is a very expensive thing to do for an insurance company.

KAUTH: But per policyholder to do it once a year?

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ROBERT M. BELL: It depends again how many policies in force that you might have. I know-- I was speaking with one insurance company about their notice related to their board of directors, and that was a notice that went out to all of their policyholders because they were a mutual holding company. And that notice reached six figures on mailings so, I mean, it can get really expensive really fast. And again, depending how many-- I mean, that would go out to all policyholders, right?

KAUTH: Right.

ROBERT M. BELL: So--

KAUTH: Right. So but, but--

ROBERT M. BELL: --that, that might be a little bit larger than normal.

KAUTH: --just, just sending out to seniors whose policy they're reminding them.

ROBERT M. BELL: Right. So presuming you know who those seniors are, that they're 65, that your computer system can go in and read that somebody is 65 years of age and then do, do a notice. The way the provisions of Section 2 read, if, if somebody has already taken advantage of the designee, they don't-- you don't have to send them a notice. I'm guessing they probably wouldn't get a notice anyway, because it's probably going to be difficult for the computer systems to, to tell. And at an insurance company there, there can be several different computer systems overseeing the claims of those particular policies and so-- and some of them can be quite antiquated. I can think about, and you can probably think on your own lives, about policies that you may have had or still have. I, I think my term life policy that I have, we-- was issued in the year 2000, right, under an insurance company that actually merged into a different insurance company. So those computer systems that manage that particular policy, of which I get no, no notices on of amount because I have opted in electronically to, to everything. You know, there, there could be complications there.

KAUTH: OK. Thank you.

ROBERT M. BELL: You're welcome.

SLAMA: Thank you, Senator Kauth. Additional questions from the committee? Senator Bostar.

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BOSTAR: Thank you, Chair Slama. Thank you, Mr. Bell. It was brought up in the opening and it's been talked about before because we've heard this bill previously--

ROBERT M. BELL: Sure.

BOSTAR: --that within the underwriting process there is an accounting for policy lapses?

ROBERT M. BELL: Very likely, yes. I'm not an actuary so-- or a product writer, but I would imagine, yes, there, there's an assumption that some policies may lapse.

BOSTAR: And so then that's taken into the premium calculation of a given policy.

ROBERT M. BELL: Yes.

BOSTAR: The answer seems like it's going to be no but why not? Do you have a sense of what premium impact this regulatory change would have?

ROBERT M. BELL: I do not. It, it wouldn't-- so again, you're dealing with two different sections of both.

BOSTAR: Sure.

ROBERT M. BELL: I don't think that would be the big cost driver, actually, the additional pain of claims. I think the big cost driver is going to be cost to the insurer to update their systems and to put into place the processes that would be necessary to comply with the law. For some companies, and kind of piggybacking off of Senator Kauth's question, if their computer system is unable to do that and they would have to do a manual process and that involves a human being. And two things with human beings, one, they're expensive to do the work, more expensive than a computer, but two, they make mistakes, right? And so if the-- in the first section of the bill, if that notice does not go out, that, that policy does not close and that provides all kinds of, of additional risk for an insurance company, including regulatory risk from the Department of Insurance on whether or not we're properly reserved for that policy. And some of these policies can be quite big when we're talking about collateral assignments for a bank, so. That was really-- that was much longer than no by the way so sorry about that.

BOSTAR: Thank you.

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ROBERT M. BELL: Yeah, you're welcome.

SLAMA: Thank you, Senator Bostar. Senator von Gillern.

von GILLERN: Thank you, Chair Slama. Mr. Bell, just a couple of quick questions.

ROBERT M. BELL: Sure.

von GILLERN: I thought-- maybe I misheard, I thought that Senator McDonnell mentioned that-- or Jacobson, forgive me, mentioned that there was an e-notice.

ROBERT M. BELL: Yeah, e-notice requirement. Yes.

von GILLERN: OK. Because you mentioned mail earlier in [INAUDIBLE].

ROBERT M. BELL: That was on the senior side that the e-notice-- so there's two sections. There's a section related to the collateral assignment and then-- or the assignees, and then there's one on the senior notice. The senior notice, it may actually say sent or mail and so there's probably some wiggle room in that.

von GILLERN: OK.

ROBERT M. BELL: But on the assignment side, it was e-delivery. And I would say that some companies love e-delivery and some companies hate it. And so it-- that would have to be a provision that would need significant work.

von GILLERN: You mentioned single pay policies and the fact there's a lot of different policies and--

ROBERT M. BELL: Sure.

von GILLERN: --you could probably maybe comfortably, uncomfortably refer to, refer to those as lower end policies--

ROBERT M. BELL: Right.

von GILLERN: --but it's pretty unlikely that those would be assigned. Would that not be true? Usually low value, single pay.

ROBERT M. BELL: Yeah, I, I, I can see what you're saying, so-- but that would be a bank's decision between the bank and its customer whether or not it would want a \$30,000 policy on, on a collateral-- basically a policy in place to pay for like a funeral. And what, what

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a bill like this provides is what I would call kind of a regulatory or compliance risk. You still have to, you still have to be prepared to comply with the law. And if you have tens of thousands of policies in place in the state of Nebraska it doesn't matter if it's a rare occasion that it may come up it-- it's still going to be necessary for you to comply with the law one way or another. We run into this across many states and, and the-- not, not on this particular issue, it might be an issue like in California, where you got to have if the policyowner speaks a different language other than English you got to make sure that you have somebody at your company that can speak with that person. Well, that can be extremely difficult sometimes and, and a costly endeavor to, to get an interpreter on something along those lines.

von GILLERN: OK. Think we're getting a little off track, but that OK, I understand [INAUDIBLE].

ROBERT M. BELL: Yes, sir. I, I tend to do that if you haven't noticed already.

von GILLERN: And the, and the last, the last comment that I'm really, really struggling with is I find it really hard to believe that an insurance company would not know when my 65th birthday is, when they're writing a term policy or a life insurance policy that is completely based on your age at, at issue and tracks you moment by moment. And to Senator Kauth's comments, I know I get, I get notices once or twice a year just saying that we've changed our board or our regulations or here's the update and it seems pretty simple to, to build some of those in together, but.

ROBERT M. BELL: Well, perhaps, and for some companies it may be real easy and there may be other companies that their policies are still on paper. Right? And they may know when that policy ends, but you're asking it to know exactly when your birth date is and--

von GILLERN: I think it knows.

ROBERT M. BELL: It might, it might, and some-- and, and again, you know, there is a large variety of insurance companies out there, you know, so. And typically, particular on the senior, the senior issue, that, that's one where we would really want to sit down. We haven't had a lot of discussion with the proponents on that. We're concerned, of course, about senior protection as well. But we want to make sure that there-- if there is going to be a resolution to that issue, that resolution makes sense. If-- when we add cost, what that-- what

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happens to that is that we have to increase our premium. And I know I say that all the time, but particularly in life insurance when we increase premium we know people on the lower end of the spectrum buy less insurance and less financial protection and that's really the concern. We're not looking to, like, make sure grandma doesn't and her policy cancels or something along those lines. We're trying to make sure that everybody can afford that policy, and we would prefer people to continue to pay their policy and, and then pay that benefit at the end. That's our ideal situation, so.

von GILLERN: Thank you.

ROBERT M. BELL: You're welcome.

SLAMA: Thank you, Senator von Gillern. Additional questions from the committee? Seeing none, thank you, Mr. Bell.

ROBERT M. BELL: You're welcome.

SLAMA: Additional opponent testimony for LB69? Any additional opponent testimony for LB69? Seeing none, we'll now open it up for neutral testimony on LB69? Seeing none, Senator Jacobson has waived closing. For the record, we have two proponent letters for LB69. This will bring to a close our hearings for the day.