

AMENDMENTS TO LB232

Introduced by Banking, Commerce and Insurance.

1           1. Strike the original sections and insert the following new  
2 sections:

3           **Section 1.** Section 44-502, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5           44-502 No policy of life or endowment insurance, except policies of  
6 industrial insurance, shall be issued or delivered in this state unless  
7 it contains in substance the following provisions:

8           (1) A provision that all premiums shall be payable in advance either  
9 at the home office of the company or to any agent of the company upon  
10 delivery of a receipt signed by one or more of the officers who shall be  
11 named in the policy.

12           (2) A provision that the insured is entitled to a grace of one month  
13 within which the payment of any premium, after the first year, may be  
14 made, subject, at the option of the company, to an interest charge not in  
15 excess of six percent per annum for the number of days of grace elapsing  
16 before the payment of the premium, during which period of grace the  
17 policy shall continue in force; but in case the policy becomes a claim  
18 during the said period of grace before the overdue premium or the  
19 deferred premiums of the current policy year, if any, are paid, the  
20 amount of such premiums, with interest on any overdue premium, may be  
21 deducted from any amount payable under the policy in settlement.

22           (3) A provision that the policy shall constitute the entire contract  
23 between the parties; but if the company desires to make the application a  
24 part of the contract, it may do so; Provided, a copy of such application  
25 shall be endorsed upon or attached to the policy when issued, and in such  
26 case, the policy shall contain a provision that the policy and the  
27 application therefor shall constitute the entire contract between the

1 parties.

2 (4) A provision that all statements made by the insured shall, in  
3 the absence of fraud, be deemed representations and not warranties, and  
4 that no such statement shall avoid the policy unless it is contained in a  
5 written application, and a copy of such application shall be endorsed  
6 upon or attached to the policy when issued.

7 (5) A provision that the policy shall be incontestable after it  
8 shall have been in force during the lifetime of the insured for two years  
9 from its date, except for nonpayment of premiums and except with respect  
10 to limitations of liability which may be contained in the policy relating  
11 to (a) death resulting from war or acts of war, declared or undeclared,  
12 where such limitations shall have been found by the Director of Insurance  
13 to be in keeping with the interests of the policyholders of the company  
14 and to be not unfairly discriminatory, and (b) aeronautics other than as  
15 a fare-paying passenger of a commercial airline, and flying on a  
16 regularly scheduled route between definitely established airports; and in  
17 any such cases the liability of the company may be limited by the terms  
18 of the policy to a sum not less than the reserve on the face of the  
19 policy and the reserve on any paid-up additions thereto and any dividends  
20 standing to the credit of the policy, less any indebtedness to the  
21 company on the policy; and, at the option of the company, provisions  
22 relative to benefits in the event of total and permanent disability, and  
23 provisions which grant additional insurance specifically against death by  
24 accident may be excepted from the incontestable clause; Provided,  
25 limitations with reference to aeronautics shall not be included in any  
26 policy where an extra premium is charged to cover the aeronautic risk,  
27 nor shall any such limitations extending beyond the contestable period be  
28 included in or attached to any policy where the applicant for insurance  
29 has not elected in writing to accept a policy with such limitations, and  
30 by such election has agreed to a reduced coverage for the aviation risk.

31 (6) A provision that if the age of the insured has been misstated,

1 the amount payable under the policy shall be such as the premium paid  
2 would have purchased at the correct age.

3 (7) A provision that the policy shall participate in the surplus of  
4 the company, and that, beginning not later than the end of the third  
5 policy year, the company shall annually ascertain and apportion the  
6 amount of divisible surplus to which all such policies, as a separate  
7 class, are entitled, which amount shall be carried as a distinct and  
8 separate liability in favor of such policies. The insured, under any  
9 annual dividend policy, shall have the right each year to have the  
10 dividend arising from such participation paid in cash, and if the policy  
11 shall provide other dividend options, it shall further provide that, if  
12 the insured shall not elect any such other options, one of such dividend  
13 options provided shall become effective as provided in the policy; but  
14 such participation and its distribution may, by contract, be deferred to  
15 a fixed or specified time, not exceeding twenty years. Upon written  
16 request of the insured the company shall furnish him or her with a  
17 statement of the amount of the surplus provisionally ascertained or set  
18 aside on such policy and held awaiting distribution at the expiration of  
19 the deferred dividend period.

20 (8) A provision that after three full years' premiums have been  
21 paid, the company at any time, while the policy is in force, will  
22 advance, on proper assignment or pledge of the policy, and on the sole  
23 security thereof, at a specified rate of interest determined pursuant to  
24 section 44-502.03 a sum equal to, or, at the option of the owner of the  
25 policy, less than the amount required by section 44-405, under the  
26 conditions specified thereby, and that the company will deduct from such  
27 loan value any existing indebtedness on the policy, which has not  
28 otherwise entered into the computation of such loan value, together with  
29 any unpaid balance of the premium for the current policy year, and may  
30 collect interest in advance on the loan to the end of the current policy  
31 year. Interest if payable annually in advance shall not exceed an

1 effective rate equivalent to the specified rate of interest determined  
2 pursuant to section 44-502.03. It shall be further stipulated in the  
3 policy that failure to repay any such advance, or to pay interest, shall  
4 not avoid the policy unless the total indebtedness thereon to the company  
5 shall equal or exceed such loan value at the time of such failure, nor  
6 until one month after notice shall have been mailed by the company to the  
7 last-known address of the insured and of the assignee, if any. No  
8 condition other than as provided herein, or in section 44-405, shall be  
9 exacted as prerequisite to any such advance.

10 (9) A provision for nonforfeiture benefits and cash surrender values  
11 in accordance with the requirements of sections 44-406 to 44-407.09.

12 (10) A table showing in figures the loan values, if any, and the  
13 options available under the policies each year upon default in premium  
14 payments, during at least the first twenty years of the policy.

15 (11) A provision that if, in the event of default in premium  
16 payments, the value of the policy shall be applied to the purchase of  
17 other insurance, and if such insurance shall be in force and the original  
18 policy shall not have been surrendered to the company and canceled, the  
19 policy may be reinstated within three years from such default, upon  
20 evidence of insurability satisfactory to the company and payment of  
21 arrears of premiums with interest and the payment or reinstatement of any  
22 other indebtedness to the company upon such policy.

23 (12) A provision that when a policy shall become a claim by the  
24 death of the insured, settlement shall be made upon receipt of due proof  
25 of death, or not later than two months after receipt of such proof.

26 (13) In case the proceeds of a policy are payable in installments,  
27 or as an annuity, a table showing the amounts of the installments or  
28 annuity payments.

29 (14) A title on the face of the policy correctly describing the  
30 same. Any of the foregoing provisions or portions of this section not  
31 applicable by reason of the plan of insurance may, to the extent of

1 inapplicability, be omitted from the policy. Any such policy may be  
2 issued or delivered in this state which in the opinion of the Department  
3 of Insurance contains provisions on any one or more of the several  
4 foregoing requirements more favorable to the policyholder than  
5 hereinbefore required.

6 (15)(a) For policies issued or delivered in this state on or after  
7 January 1, 2026, a provision that, at least fifteen days prior to  
8 termination or lapse by reason of default in payment of any premium due  
9 on such policy, a notice will be sent electronically or mailed to the  
10 last-known address of the owner and any assignee on record with the  
11 company.

12 (b) For policies issued or delivered in this state on or after  
13 January 1, 2026, an assignee shall have the same legal standing as the  
14 owner with respect to subdivision (15)(a) of this section.

15 **Sec. 2.** Original section 44-502, Reissue Revised Statutes of  
16 Nebraska, is repealed.