

## LEGISLATIVE BILL 306

Approved by the Governor March 11, 1987

Introduced by Remmers, 1

AN ACT relating to insurance; to amend sections 44-1703 and 45-139, Reissue Revised Statutes of Nebraska, 1943; to change provisions relating to insurance sold with loans or other credit transactions; and to repeal the original sections.

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

Section 1. That section 44-1703, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

44-1703. All life insurance and all accident and health insurance sold in connection with loans or other credit transactions shall be subject to the ~~provisions of~~ sections 44-1701 to 44-1713 except such insurance sold in connection with a loan or other credit transaction of more than ten years duration or fifteen years duration when made by licensees under sections 45-114 to 45-155. ~~No ; nor shall~~ insurance shall be subject to the ~~provisions of~~ sections 44-1701 to 44-1713 ~~where when~~ the issuance of such insurance is an isolated transaction on the part of the insurer and not related to an agreement or a plan for insuring debtors of the creditor.

Sec. 2. That section 45-139, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

45-139. (1) The following types of insurance; or one or more of the same; may be written in connection with loans made by licensees under sections 45-114 to 45-155: (a) Fire, theft, windstorm, ; or comprehensive, including fire, theft, and windstorm, ; fifty dollars or more deductible collision, and ; bodily injury liability and property damage liability upon motor vehicles; (b) fire and extended coverage insurance upon real and tangible personal property; and (c) involuntary unemployment or job protection insurance. ~~Life, life;~~ health, and accident insurance; or any of them; may also be written upon or in connection with any loan, but life, health, and accident insurance shall be restricted to ; an amount not exceeding the total amount to be repaid under the loan contract; and for a term not

extending beyond the final maturity date of the loan contract. ~~In , PROVIDED, that in~~ the event of a renewal of a loan contract, ~~of loan,~~ this type of insurance shall be canceled and a refund of the unearned premium credited or made before new insurance of this type may be written in connection with such loan. ~~Such , AND PROVIDED FURTHER, that such~~ insurance ~~can~~ shall not be required as a condition precedent to the making of such loan.

(2) Notwithstanding the provisions of sections 45-137 and 45-138, any gain or advantage, in the form of commission or otherwise, to the licensee or to any employee, affiliate, or associate of the licensee from such insurance or its sale shall not be deemed to be an additional or further charge in connection with the loan contract. ~~of loan.~~ The insurance premium for such insurance may be collected from the borrower or included in the loan contract ~~of loan~~ at the time the loan is made.

(3) Insurance permitted under ~~the provisions~~ of this section shall be obtained through a duly licensed insurance agent, agency, or broker. Premiums shall not exceed those fixed by law or current applicable manual rates. Insurance written, as authorized by this section, may contain a mortgage clause or other appropriate provision to protect the insurable interest of the licensee.

Sec. 3. That original sections 44-1703 and 45-139, Reissue Revised Statutes of Nebraska, 1943, are repealed.