

LEGISLATIVE BILL 515

Approved by the Governor April 9, 1996

Introduced by Landis, 46

AN ACT relating to insurance; to amend section 44-5133, Reissue Revised Statutes of Nebraska; to authorize associations to purchase insurance; to change provisions relating to insurer investments; to provide a penalty; to provide a duty for the Revisor of Statutes; to provide operative dates; to repeal the original section; and to declare an emergency.

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

Section 1. An association which has a constitution and bylaws and has been organized in this state for not less than two years and is maintained in good faith for purposes other than that of obtaining insurance may obtain individual workers' compensation insurance policies through an agent licensed under the Insurance Producers Licensing Act for any or all of the voting members of the association covering the liability to which each individual employer may be subject under the Nebraska Workers' Compensation Act from an insurer authorized to transact the business of workers' compensation insurance in this state.

Sec. 2. An association which obtains insurance policies in compliance with sections 1 to 5 of this act is not an insurer and is not transacting the business of insurance under the laws of this state.

Sec. 3. Under insurance policies obtained pursuant to section 1 of this act, an association is entitled to negotiate with the insurer regarding policy terms, including premiums, discounts, dividends, commissions, fees, and costs. If any policy provides for any deductible for any benefits payable under the Nebraska Workers' Compensation Act, it shall be in conformance with section 48-146.03. The insurer shall only enter into arrangements which allow it to report data compatible with the uniform classification system and uniform experience rating system required by subsection (1) of section 44-5028 and which allow for the application of experience rating by an advisory organization designated by the Director of Insurance pursuant to subsection (1) of section 44-5028.

Sec. 4. An association may apportion any discount or dividend received on insurance policies obtained pursuant to section 1 of this act among the covered members according to a formula adopted in the plan of operation of the association.

Sec. 5. An association shall adopt and maintain a plan of operation that includes the methods for administering insurance policies obtained pursuant to section 1 of this act, including the payment of premiums, the distribution of discounts, and the methods for providing risk management.

Sec. 6. Any person who violates sections 1 to 5 of this act is guilty of a Class II misdemeanor.

Sec. 7. Section 44-5133, Reissue Revised Statutes of Nebraska, is amended to read:

44-5133. (1) An insurer may invest in interest-bearing obligations entitled to receive both principal and interest from a collateralized pool of one or more assets other than those authorized under section 44-5132. Any pool of assets serving as collateral for such investments shall have been sold to and be currently owned by a trust or corporation established solely for the purpose of holding such assets for the benefit of the obligee.

(2) Any investment authorized under this section shall have a minimum quality rating as described in subdivision (2) (1) of section 44-5112.

(3) An insurer's investments authorized under this section shall not exceed twenty percent of its admitted assets.

Sec. 8. The Revisor of Statutes shall assign sections 1 to 6 of this act to Chapter 44.

Sec. 9. Sections 1 to 6 of this act become operative three calendar months after adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 10. Original section 44-5133, Reissue Revised Statutes of Nebraska, is repealed.

Sec. 11. Since an emergency exists, this act takes effect when passed and approved according to law.